

2019 Retirement Confidence Survey Summary Report

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2019 RCS Overview

29th Annual Retirement Confidence Survey (RCS)

The RCS is the longest-running survey of its kind, measuring worker and retiree confidence about retirement, and is conducted by the Employee Benefit Research Institute (EBRI) and independent research firm Greenwald & Associates.

The 2019 survey of 2,000 Americans was conducted online using Dynata/ResearchNow's online research panel between January 8 and 23, 2019. All respondents were ages 25 or older. The main survey included 1,000 workers and 1,000 retirees.

Data were weighted by age, gender, and education. Unweighted sample sizes are noted on charts to provide information for margin of error estimates. The margin of error is ± 3.16 percentage points for both workers and retirees in a similarly sized random sample.

Please note percentages in the following tables and charts may not total to 100 due to rounding and/or missing categories. Any trend changes or differences in subgroups noted in text are statistically significant.

2019 RCS Underwriters

AARP
American Century
Investments
Columbia Threadneedle
J.P. Morgan
Lincoln Financial
Mercer
MetLife
Nationwide Financial
PIMCO
Principal Financial Group
T. Rowe Price
The Segal Group
Vanguard

Key Findings

Worker confidence has increased in a number of areas

The share of workers who feel confident in their ability to live comfortably in retirement remains relatively consistent with last year at 67%, although the share who feel very confident has risen significantly (23% vs. 17% in 2018), though this increased confidence is similar to levels measured in the late 1990s and early 2000s (Figure 1). Also up from last year, 59% are confident they will have enough money to take care of medical expenses during retirement and 52% are confident they will have enough for long-term care (Figure 2).

Workers believe they are doing a good job saving, but haven't done key calculations

Two-thirds of workers are saving for retirement and 7 in 10 are excited for it. Still, most agree that preparing for retirement makes them feel stressed (Figure 3). While 2 in 3 are confident they are doing a good job saving for retirement and know how much they will need to have saved to live comfortably, only 42% have actually tried to calculate how much money they will need (Figure 4). 1 in 3 who have tried to calculate how much they will need in retirement estimate they will need at least \$1 million — a significant increase from 27% in 2016 (Figure 5). In addition, the share of workers who feel confident they know how much they will need for medical expenses in retirement has increased to 3 in 5 (59% vs. 54% in 2018), though fewer than 1 in 3 have actually tried to calculate how much is needed for medical expenses (Figure 6).

2 in 3
workers

confident in having
enough for a comfortable
retirement

only 23% very confident



4 in 10
workers

have tried to calculate
how much money they
will need to live
comfortably
throughout retirement

Key Findings

Retiree confidence rebounds and reaches all-time highs

While retirees reported much lower levels of confidence last year, confidence has bounced back and, in a few cases, reached an all-time-high. More than 8 in 10 retirees are confident they will have enough money to live comfortably throughout retirement (82% vs. 75%) (Figure 7). Retirees are also much more likely than last year to be confident in their ability to afford the lifestyle they are accustomed to (77% vs. 70%) and having enough to last their entire life (76% vs. 67%) (Figure 8).

Why are retirees more confident?

Retirees appear to be much more confident in their ability to handle expenses in retirement — especially health care. 8 in 10 are very or somewhat confident they will have enough money to take care of medical expenses, including 31% who are very confident (Figure 9).

In addition, compared with last year, retirees are less likely to say their overall expenses, health care expenses, and long-term care expenses are higher than they expected (Figure 10).

8 in 10 retirees

confident in having
enough for a
comfortable retirement

only 35% very confident



More retirees
are confident:

- They will have enough to live comfortably throughout retirement
- In their ability to afford medical care
- In their ability to afford long-term care

Key Findings

Workers say debt and competing financial priorities negatively impact retirement savings

6 in 10 workers say their level of debt is a problem, including 19% who say it is a major problem (Figure 11). As one might expect, workers have much higher levels of debt than retirees. This debt has negative consequences for many workers. 7 in 10 say their non-mortgage debt has impacted their ability to save for retirement (Figure 12). Over half say their ability to pay their bills or participate in employee benefits has been impacted.

More than half of workers feel they are unable to save for retirement and save for other financial goals at the same time or that there are other financial goals currently more important than saving for retirement (Figure 13).

Majorities would find it helpful if their workplace offered education or advice on how to manage competing financial priorities or help with basic budgeting (Figure 14).



Debt negatively impacts majority of workers' ability to:

- Save for emergencies
- Save for retirement
- Pay bills
- Participate in employer savings plan or other employee benefits

Key Findings

Income stability is the higher financial priority in retirement

When it comes to financial priorities in retirement, 3 in 4 workers and 2 in 3 retirees say income stability is more important than maintaining wealth (Figure 15).

When given the choice between managing investments on their own to generate income or purchasing a product that would guarantee income for life, a plurality prefers to manage their savings and investments on their own. 3 in 10 workers and 21% of retirees would like some combination of both and would allocate about half of their assets to each approach (Figure 16).

Workers express interest in products that guarantee lifetime income (GLI), with 3 in 4 interested in both in-plan options and rolling into new products at retirement (Figure 17). In addition, the share of workers who expect a GLI product to be a source of income in retirement has increased to 49%, compared with 35% in 2018 (Figure 18).

3 in 4 workers

say income stability is higher financial priority in retirement

vs. 26% maintaining wealth

2 in 3 retirees

say income stability is higher financial priority in retirement

vs. 35% maintaining wealth

Key Findings

More retirees are relying on personal savings or investments as retirement income

Nearly 9 in 10 retirees rely on Social Security as a source of income in retirement, although the share who call it a major source is down from last year (59% vs. 67% in 2018) (Figure 19).

Retirees are now more likely to say their personal savings or investments are a source of their retirement income (69% vs. 61% in 2018) (Figure 20).

More than 4 in 10 retirees report income from a defined benefit (DB) plan is a major source of income, while only 27% of workers expect a DB plan to be a major source for them in retirement (down from 32% last year) (Figure 21).

Workers expect to depend heavily on income from DC plan assets

Consistent with last year, workers are far more likely to rely on their workplace defined contribution (DC) retirement plans as a source of income. 8 in 10 believe this will be a major or minor source of income in retirement (Figure 22). 3 in 4 expect income to come from their personal retirement savings or investments (Figure 23) and 7 in 10 expect income in retirement from an IRA (Figure 24).

7 in 10

retirees

rely on personal savings or investments as a source of income in retirement



8 in 10

workers

expect their workplace retirement savings plan will be a source of income in retirement

Key Findings

Workers overestimate working for pay in retirement as a source of income and the age they will likely retire

8 in 10 workers think they will work for pay in retirement, when, based on retiree experiences, only 28% actually do (Figure 25). In addition, workers are even more likely to expect working for pay will be a source of income — 74% of workers expect this to be at least a minor source of income in retirement, compared with 68% last year (Figure 26).

Workers also expect to work longer than retirees actually do. Median retirement age among retirees is 62 years old, while workers expect to retire at 65 years old (Figure 27). In reality, more than 4 in 10 retirees retired earlier than they expected — most often because of a health problem or disability or changes within their organization (Figure 28). Workers may not be anticipating circumstances out of their control that can cause early retirement.

**8 in 10
workers**

expect to work for
pay in retirement

**3 in 10
retirees**

have actually
worked for pay in
retirement

Key Findings

Caregiving for friends and relatives can have impact on workers' and retirees' ability to save

3 in 10 workers and retirees say that they have ever provided unpaid caregiving for a relative or friend (Figure 29). Of workers providing care, approximately 1 in 4 report that caregiving has prevented them from saving (26%), led to an increase in debt (23%), and reduced their contributions to a workplace retirement plan (22%) (Figure 30).

3 in 10
have provided
unpaid caregiving

Workers select investments based on performance and many use professional advice to get information for retirement planning

2 in 3 workers are confident in their ability to choose the right retirement products or investments for their situation (Figure 31). Performance growth and matching risk tolerance are the two most commonly cited factors considered when selecting investment options within their workplace retirement plan (Figure 32).

2 in 3
workers
are confident in
their ability to
choose the right
investments for their
situation

Workers and retirees use many different sources of information for planning for retirement, with a professional financial advisor being the most commonly cited source for retirees (Figures 33 and 34).

Figure 1

Up slightly from last year, two in three workers are confident they will have enough money for retirement, although the share who feel very confident has risen.

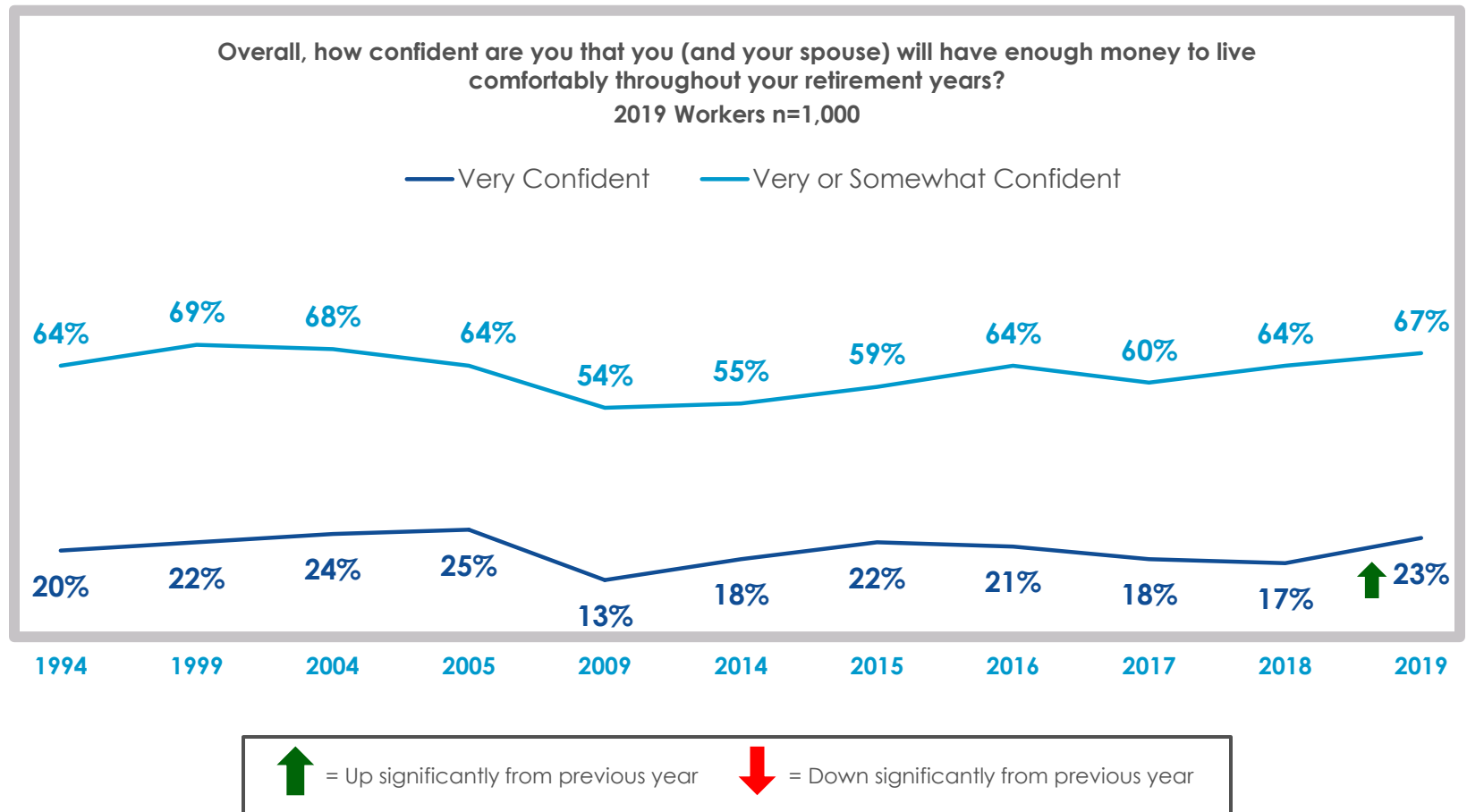


Figure 2

Worker confidence in taking care of basic expenses in retirement remains consistent, while their confidence in having enough money to take care of medical or long-term care expenses has gone up.

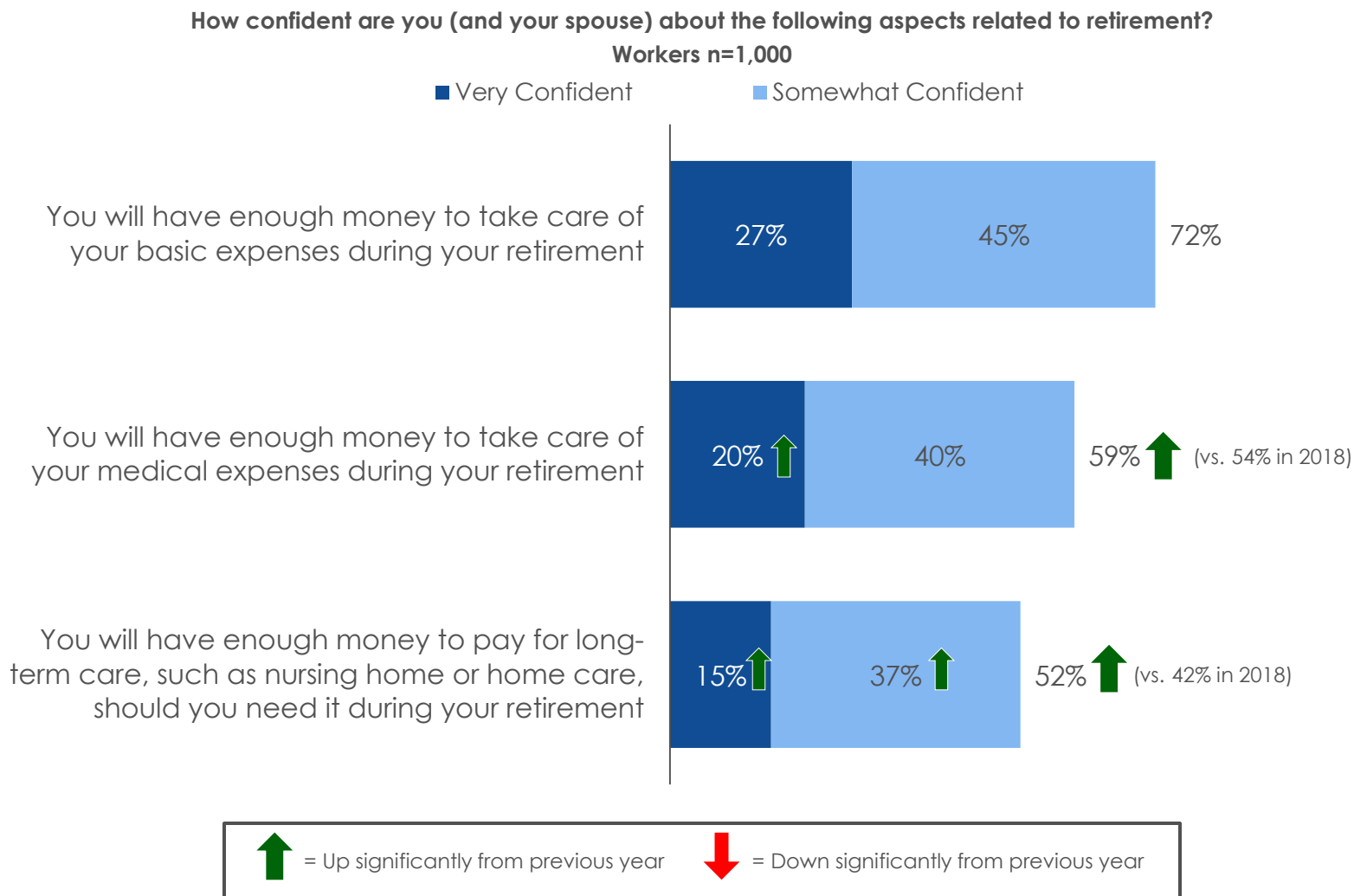


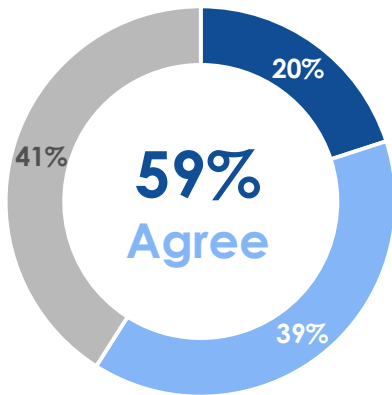
Figure 3

6 in 10 workers feel at least somewhat stressed about preparing for retirement. Still, 7 in 10 indicate they are excited for retirement, although a sizable share are not looking forward to it.

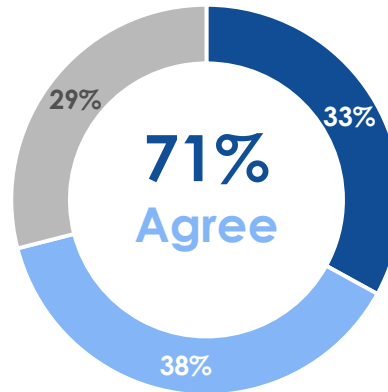
To what extent do you agree or disagree with the following statement?
Workers n=1,000

Strongly Agree Somewhat Agree Disagree

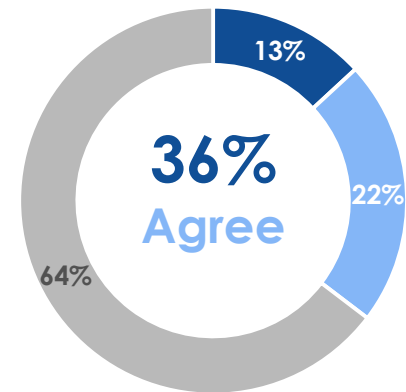
Preparing for retirement makes you feel stressed



You dream of retiring Split A (n=502)



You dread retiring Split B (n=498)



Positive/Negative Outlook Workers n=1,000

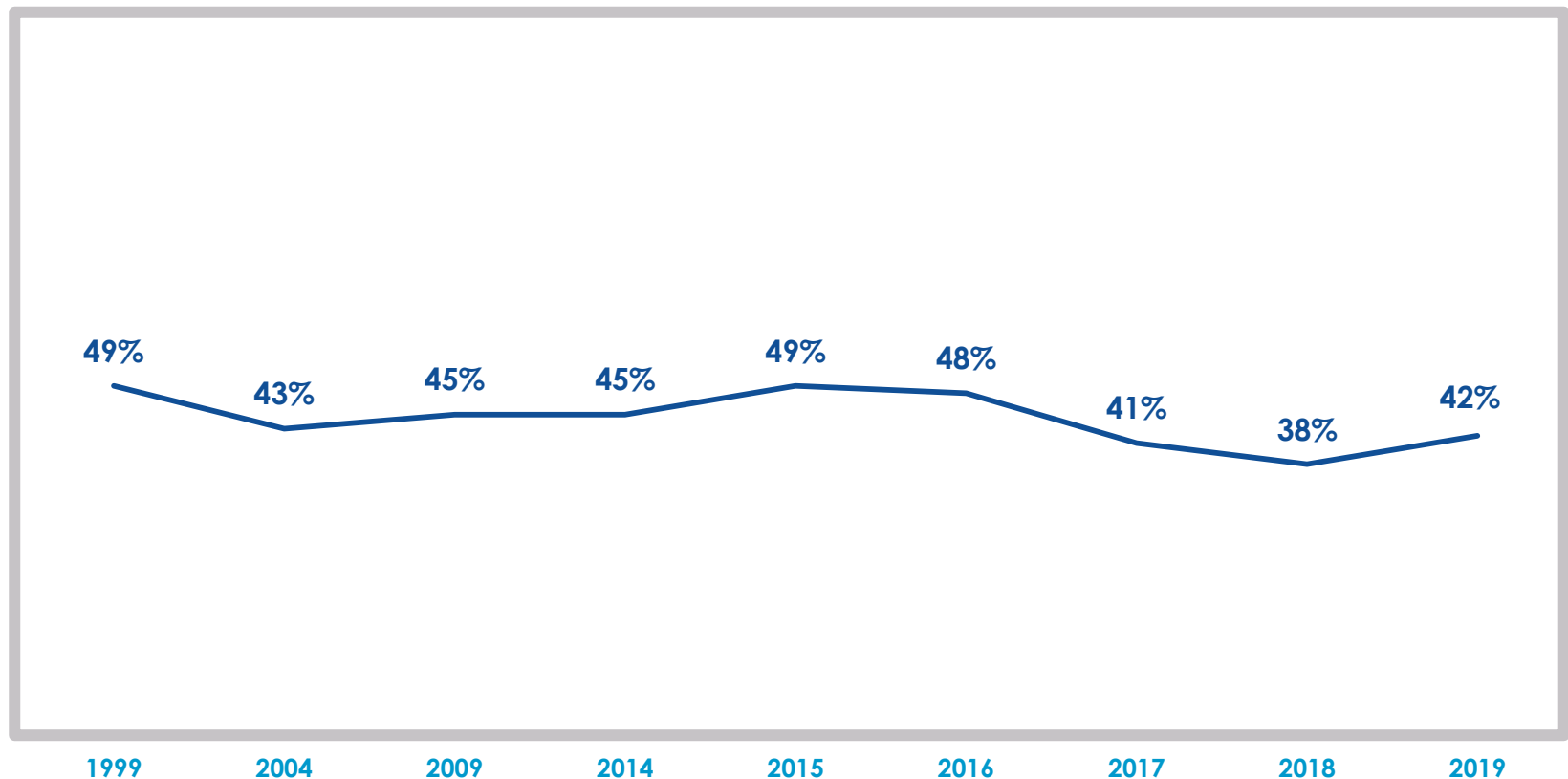
Strongly Positive	31%
Somewhat Positive	37%
Negative	33%

Figure 4

While workers are more confident they know how much money they need to live comfortably in retirement, just 4 in 10 have actually tried to calculate how much money they will need.

Have you (or your spouse) tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement?

2019 Workers n=886, Percent Yes



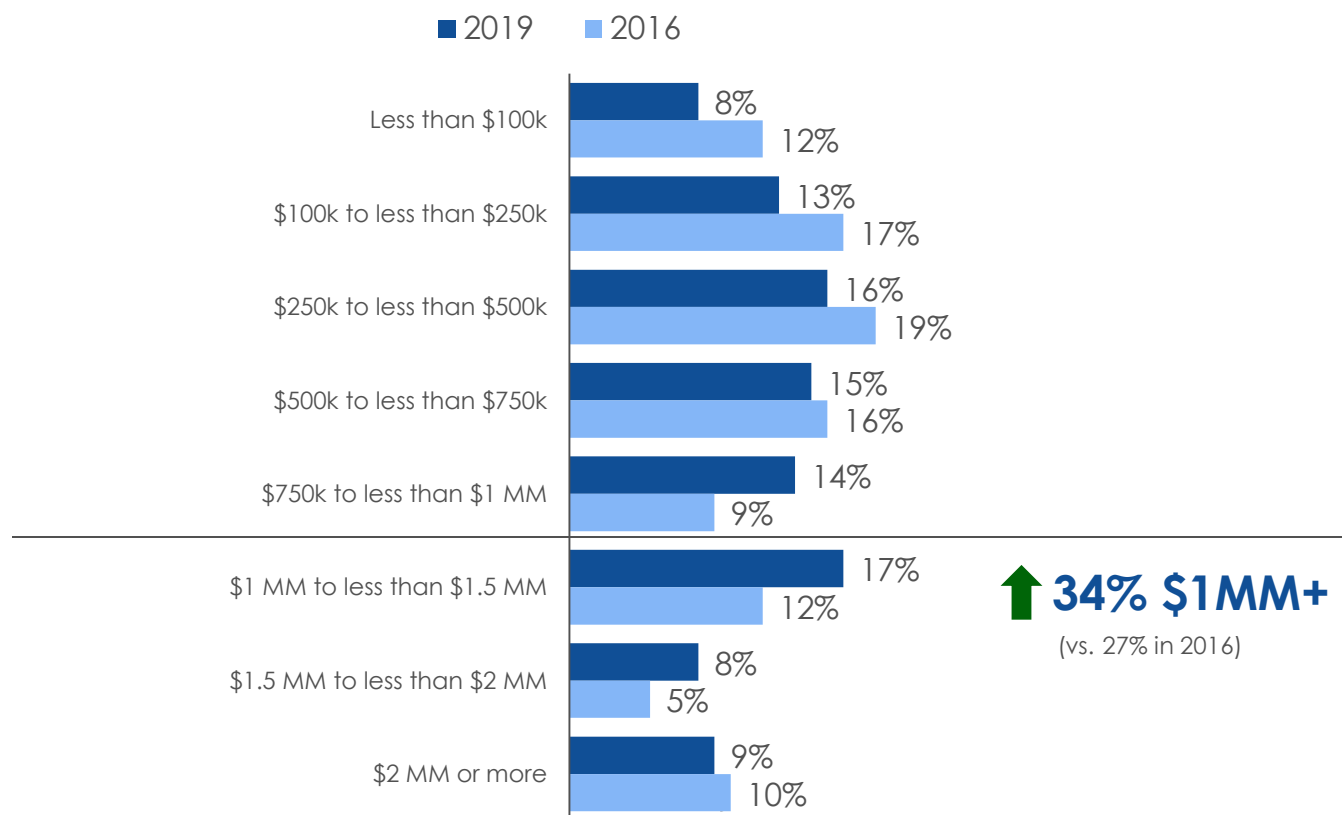
Figures and n-sizes from all years presented exclude those who answered 'Don't know' or refused to answer

Figure 5

1 in 3 workers who tried to calculate how much they will need in retirement expect to need \$1 million or more, compared with 1 in 4 in 2016.

How much did you (or your spouse) calculate you would need to accumulate in total so that you can live comfortably in retirement?

Workers who tried to do the calculation n=736*

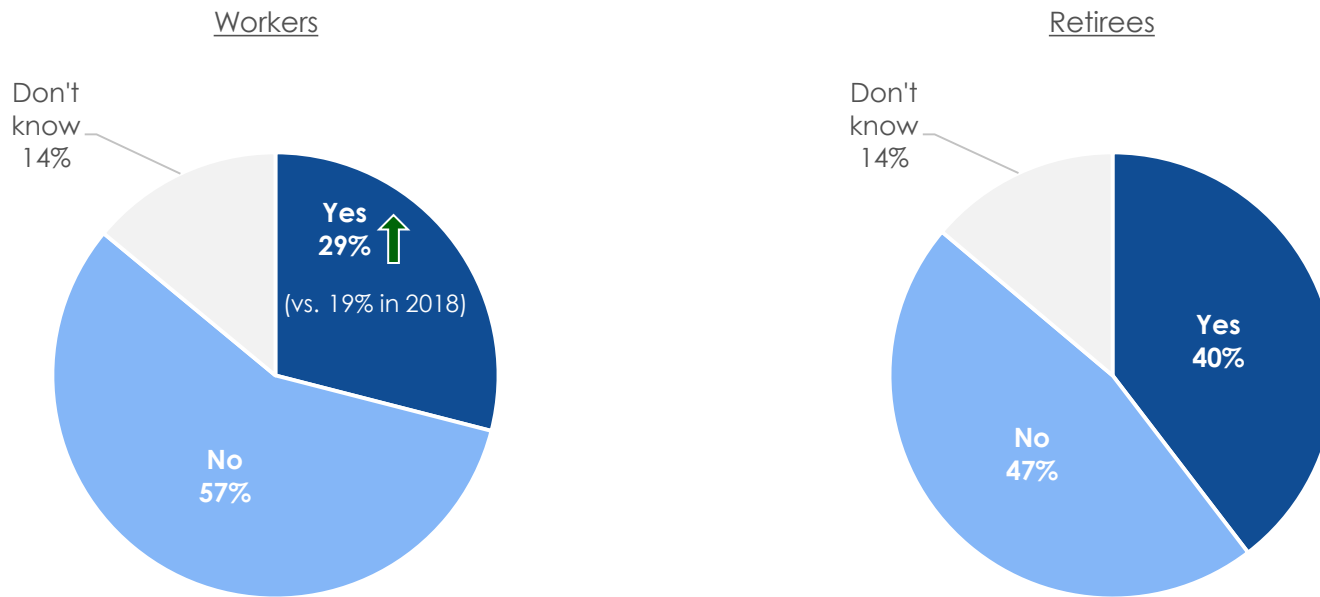


*Total calculated without 'Don't know', 'Don't remember,' and 'Could not do calculation' responses

Figure 6

3 in 10 workers have tried to calculate how much they will need to cover medical expenses in retirement — a sizable increase from last year.

To prepare for retirement have/did you (or your spouse) calculate(d) how much money you (and your spouse) would likely need to cover health expenses in retirement?
Workers n=1,000, Retirees n=1,000



= Up significantly from previous year



= Down significantly from previous year

Figure 7

Up from last year, over 8 in 10 retirees are at least somewhat confident they will have enough money to live comfortably in retirement, though the share very confident remains unchanged.

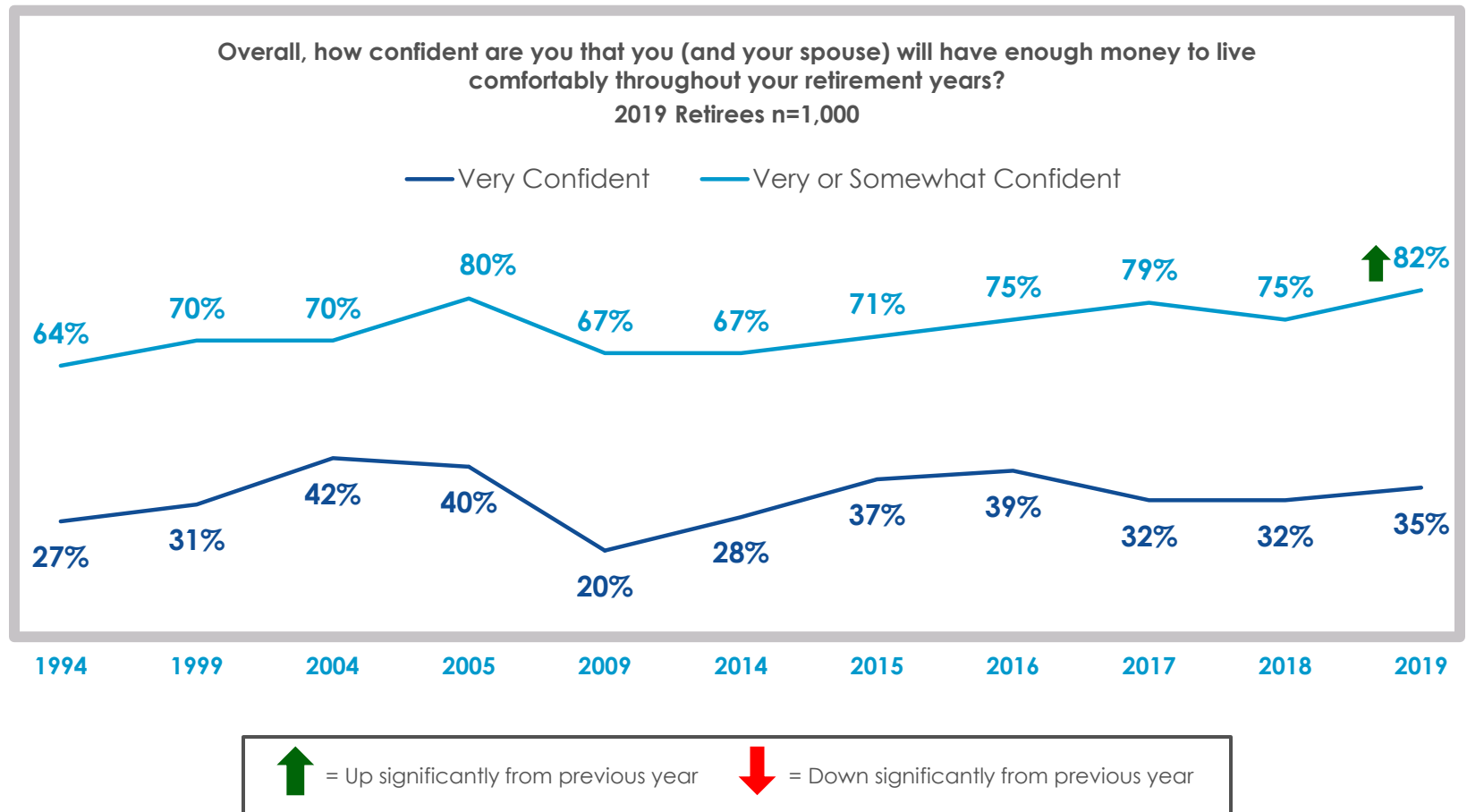


Figure 8

More than 3 in 4 retirees are confident they will have enough money to last their entire life or will be able to afford the lifestyle they are accustomed to — an increase from 2018.

How confident are you (and your spouse) about the following aspects related to retirement?
Retirees n=1,000

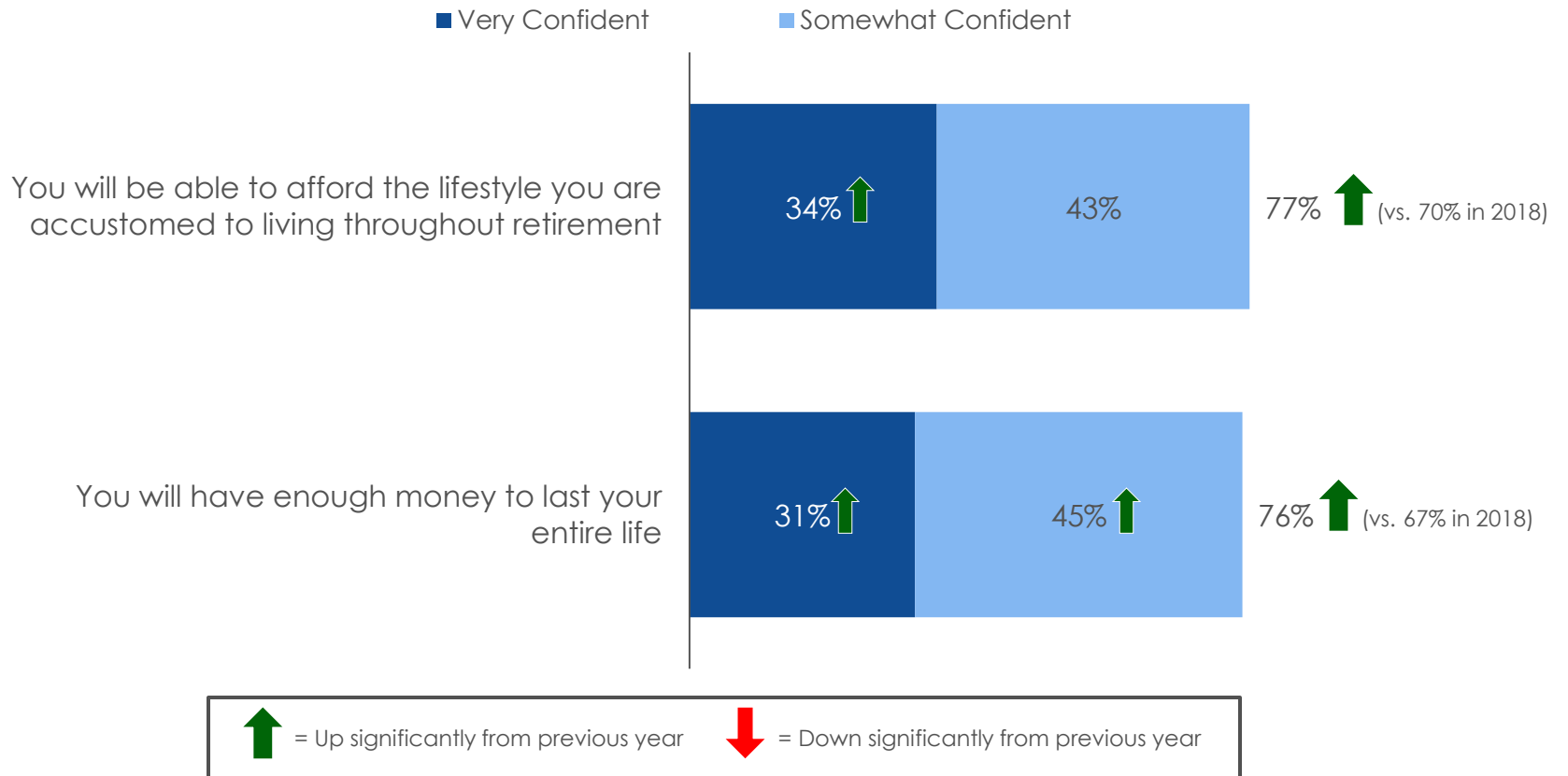


Figure 9

8 in 10 retirees are confident they will have enough to afford medical expenses and 6 in 10 are confident they will be able to afford long-term care.

How confident are you (and your spouse) about the following aspects related to retirement?
Retirees n=1,000

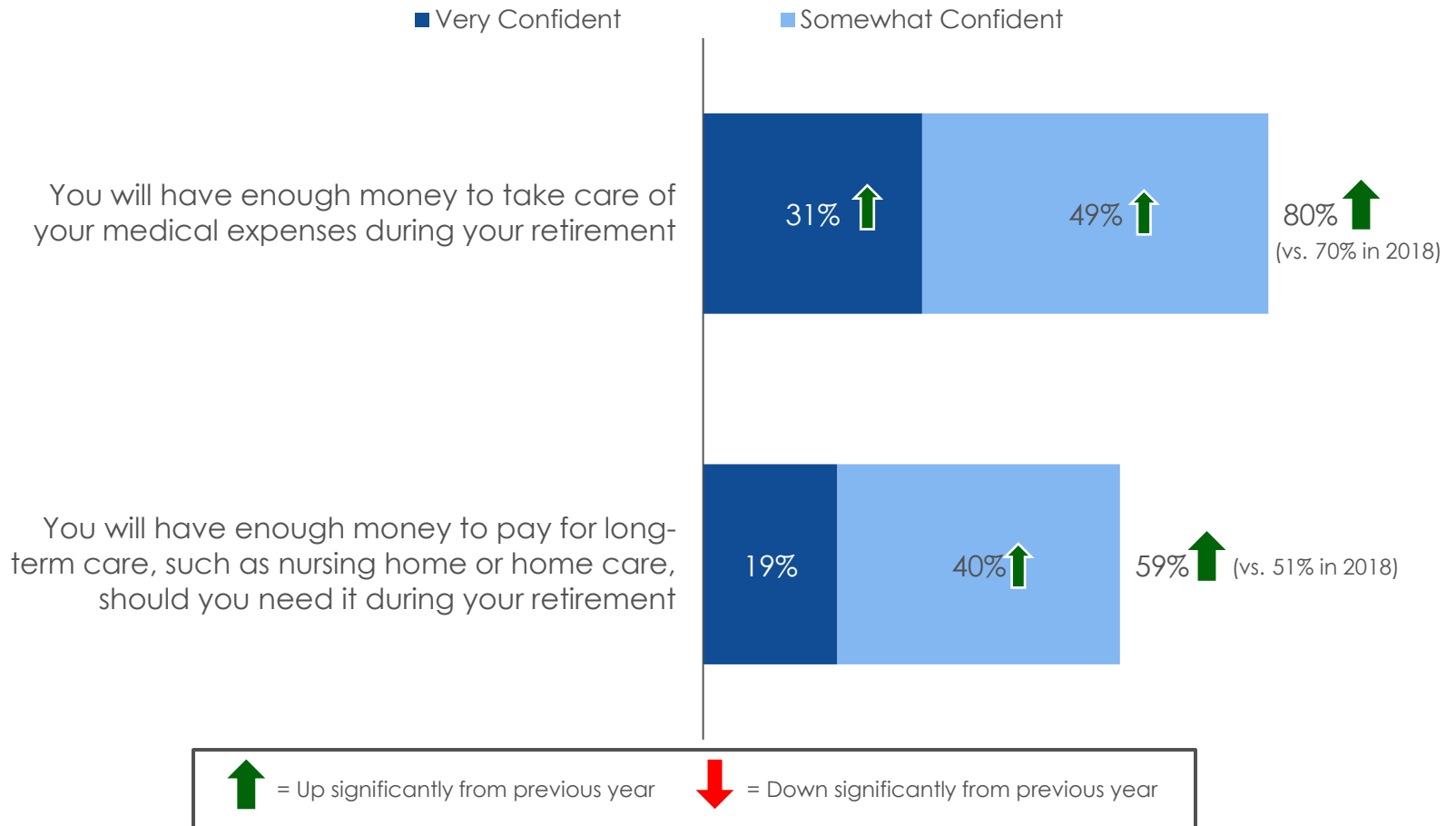
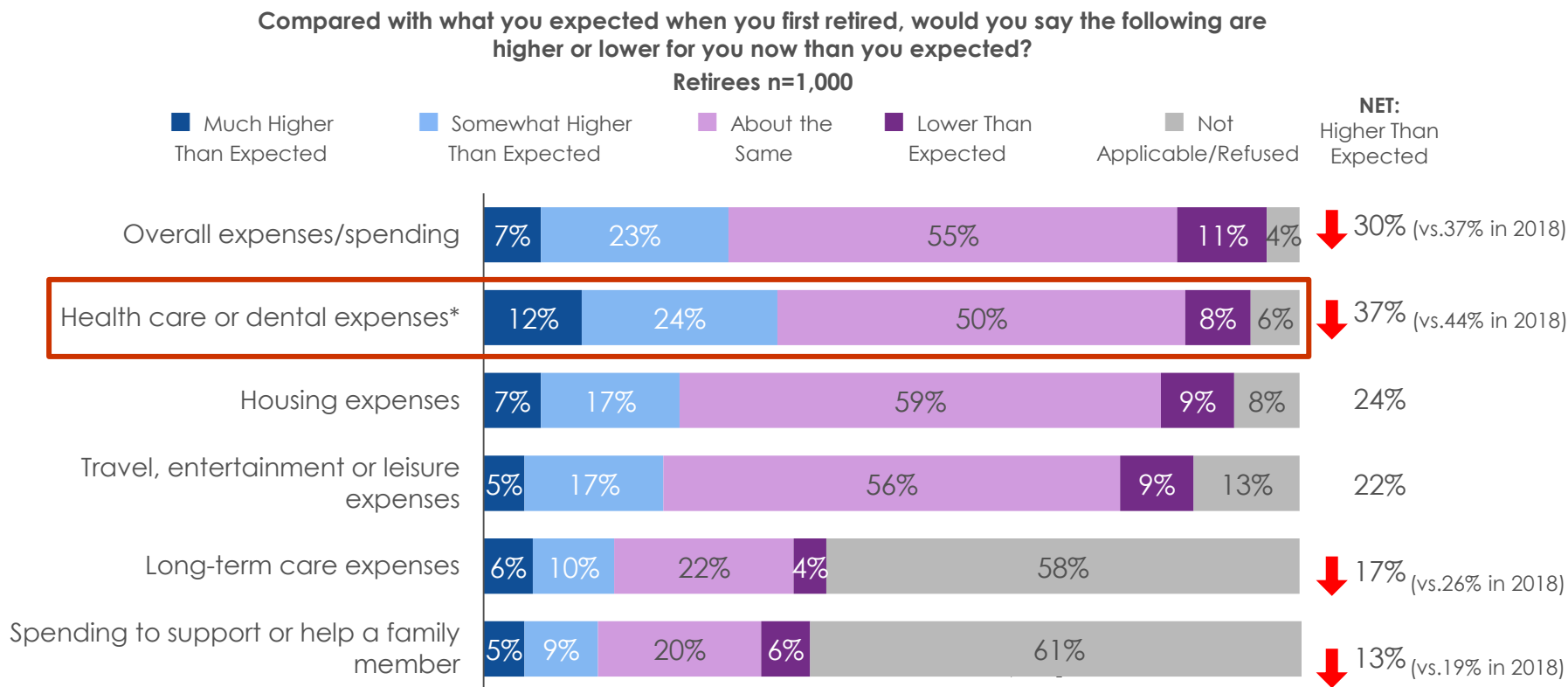


Figure 10

While retirees are most likely to say their health care or dental costs are higher than what they expected when they first retired, the share who feel this way is down from last year.



Those in fair or poor health are significantly more likely to have to "much higher" health care or dental expenses than expected (22% vs. 12% in good health and 9% in excellent or very good health).

*Note: slight wording change from 2018

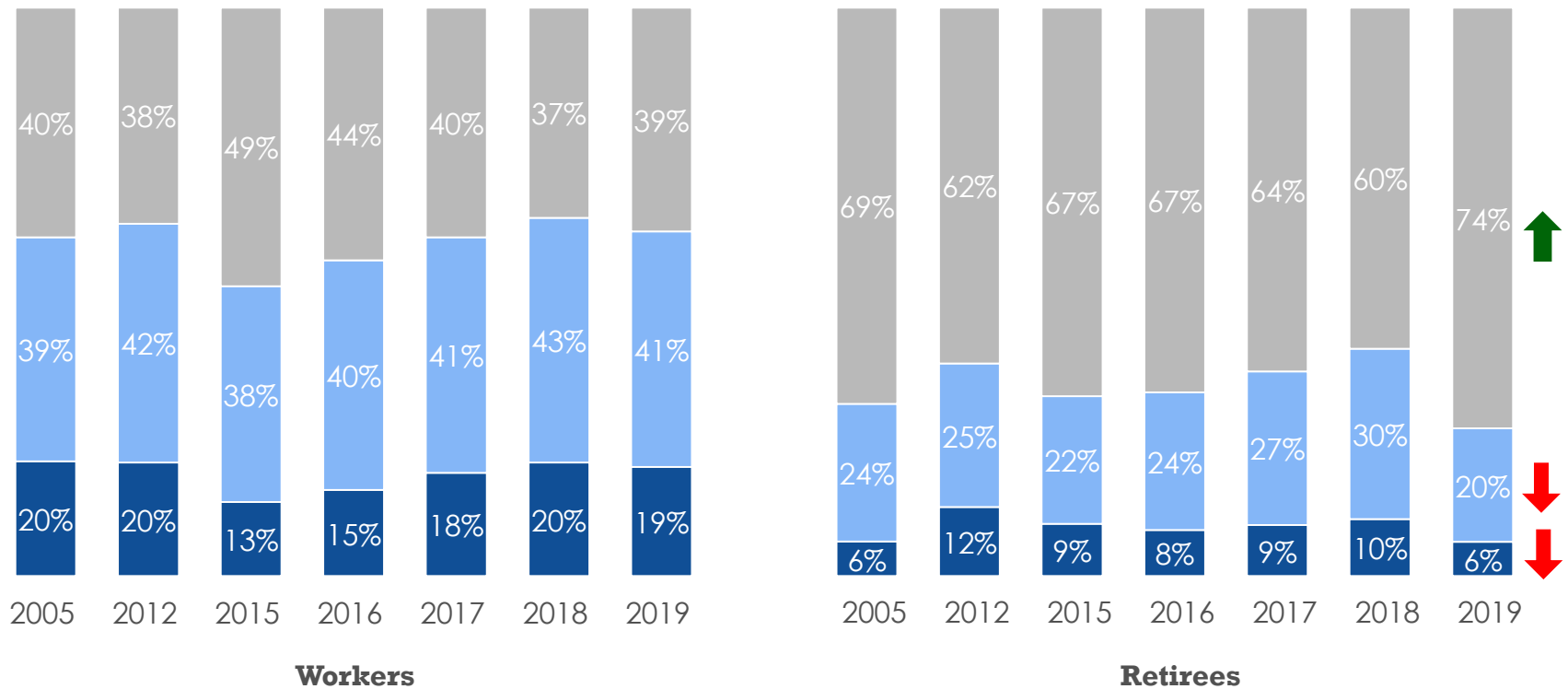
↑ = Up significantly from previous year ↓ = Down significantly from previous year

Figure 11

6 in 10 workers consider their level of debt to be at least a minor problem. Just 1 in 4 retirees consider their debt to be a problem, compared with 4 in 10 in 2018.

Thinking about your current financial situation, how would you describe your level of debt?
2019 Workers n=1,000, 2019 Retirees n=1,000

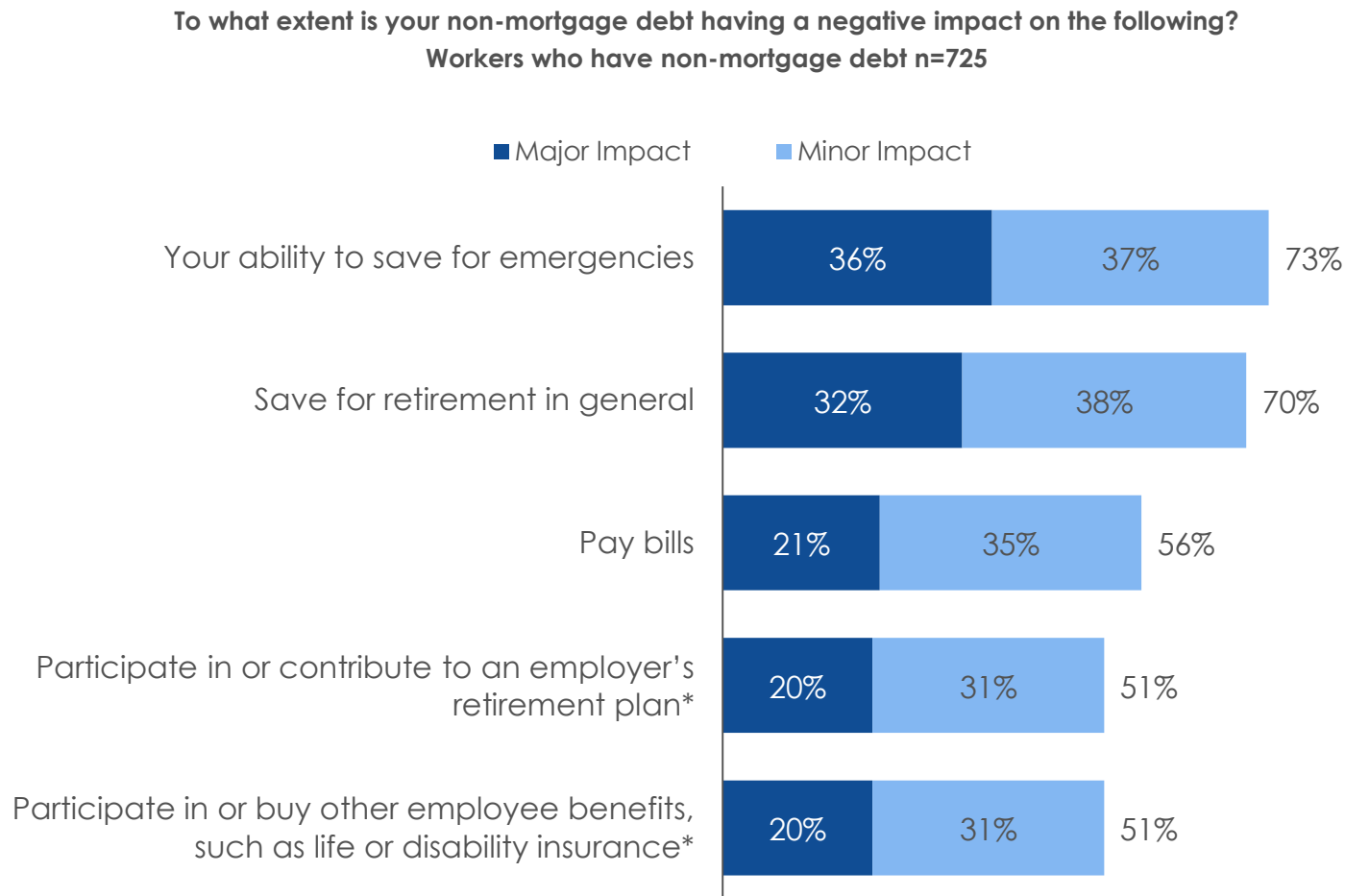
■ A Major Problem ■ A Minor Problem ■ Not a Problem



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

Figure 12

7 in 10 workers say their debt has negatively impacted their ability to save for emergencies or for retirement. At least half say their ability to pay bills or participate in employee benefits has been impacted.



*Only asked of workers

Figure 13

While 6 in 10 workers believe they have enough emergency savings, many also indicate that there are financial goals that take priority or prevent them from saving for retirement.

To what extent do you agree or disagree with the following statements?
 Workers n=1,000, Retirees n=1,000

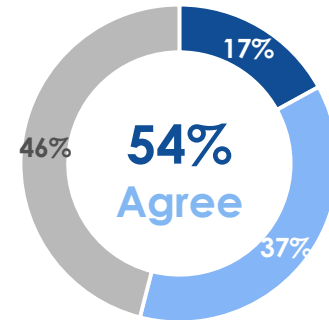
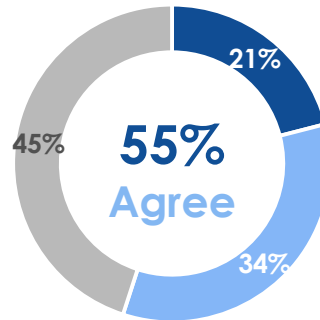
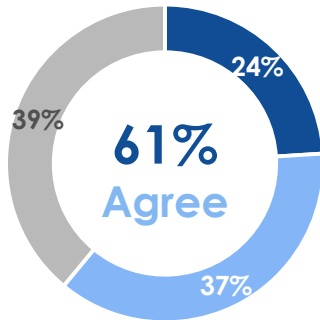
■ Strongly Agree ■ Somewhat Agree ■ Disagree

You feel you have enough savings to handle an emergency or sudden large expense

You are not able to save for retirement and save for other financial goals at the same time

Other financial goals are currently more important to you than saving for retirement

Workers:



Retirees:

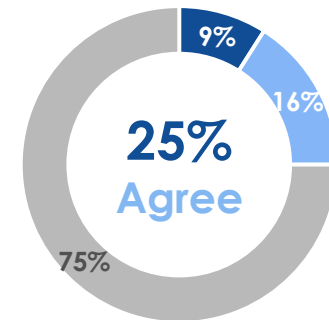
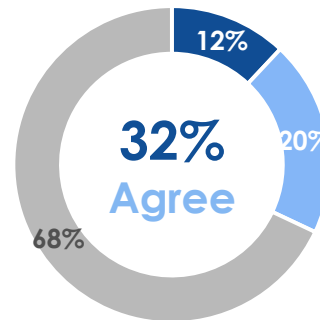
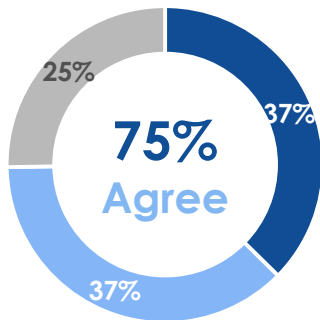


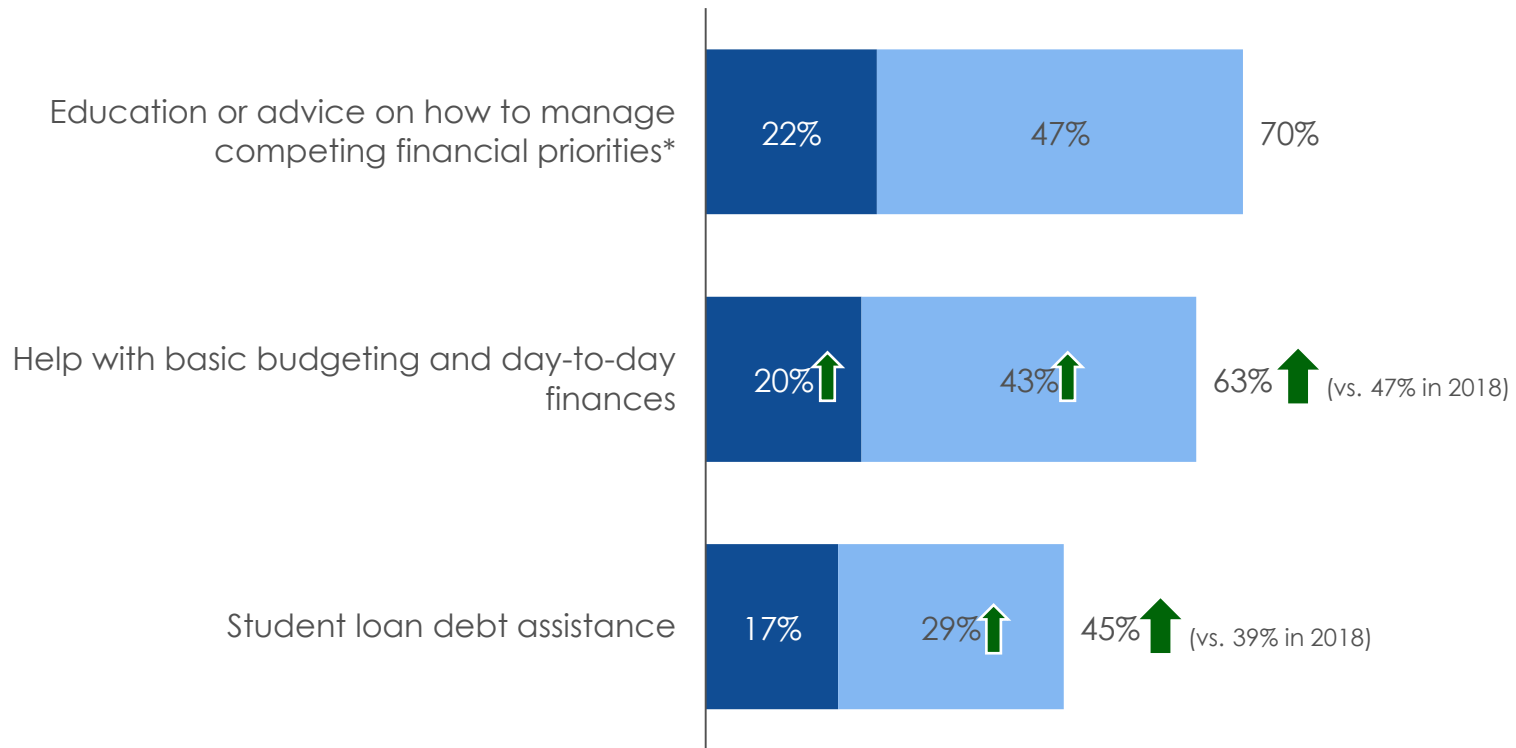
Figure 14

7 in 10 workers would find workplace education or advice on how to manage competing financial priorities to be at least somewhat helpful.

How helpful, if at all, do you think the following workplace educational or financial well-being programs would be in helping you better prepare or save for retirement?

Workers employed full- or part-time n=820

Very Helpful Somewhat Helpful



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

*Not previously asked

Figure 15

A majority of both workers and retirees say income stability is more important in retirement, although retirees are slightly more likely than workers to prioritize maintaining wealth in retirement.

Thinking about your financial priorities in retirement, which of these is more important to you?
Workers n=1,000, Retirees n=1,000

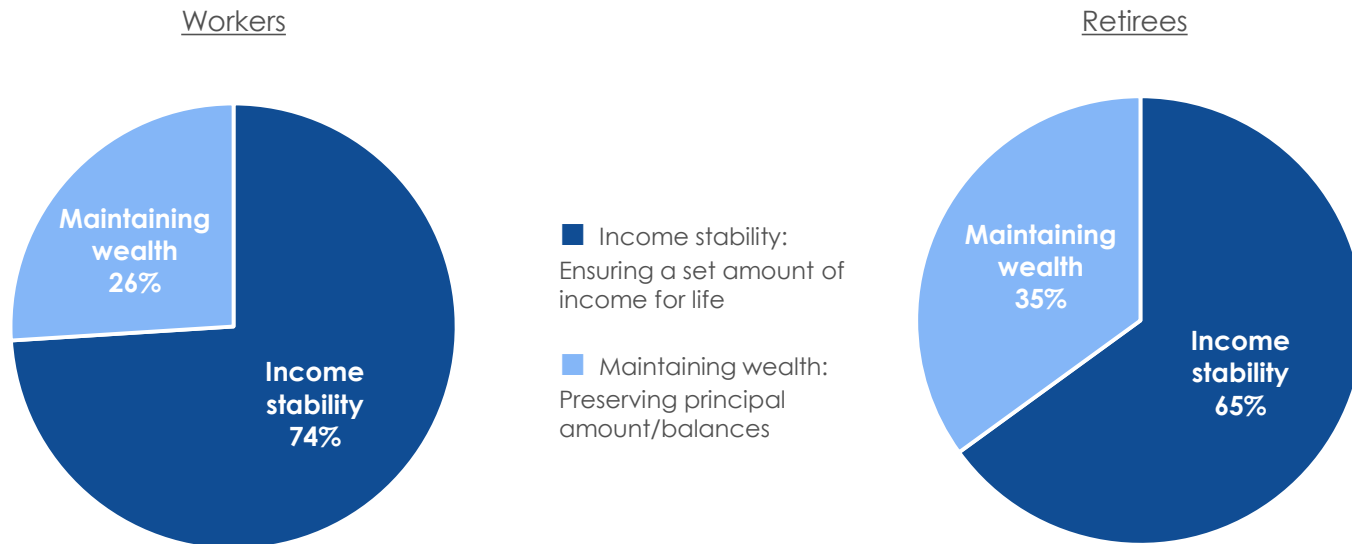


Figure 16

When given a choice, both workers and retirees prefer managing their assets on their own rather than purchasing a guaranteed lifetime income product, although more than 1 in 5 would like a combination of both options.

Please consider the following two approaches to managing assets and generating income in retirement. Which approach are you most likely to take?

Workers n=1,000, Retirees n=1,000

Option 1: You manage your savings and investments on your own and determine your own strategy for generating income. This approach gives you control over your investments and withdrawals. You can choose investments with higher or lower fees. It does not guarantee income for life and your investments may lose money.

Option 2: You purchase a product that guarantees you a set amount of monthly income for life. Monthly income would vary based on how much you “purchased.” This approach gives you little control over those assets. The fees may be higher than other financial products because of the guarantee it provides.

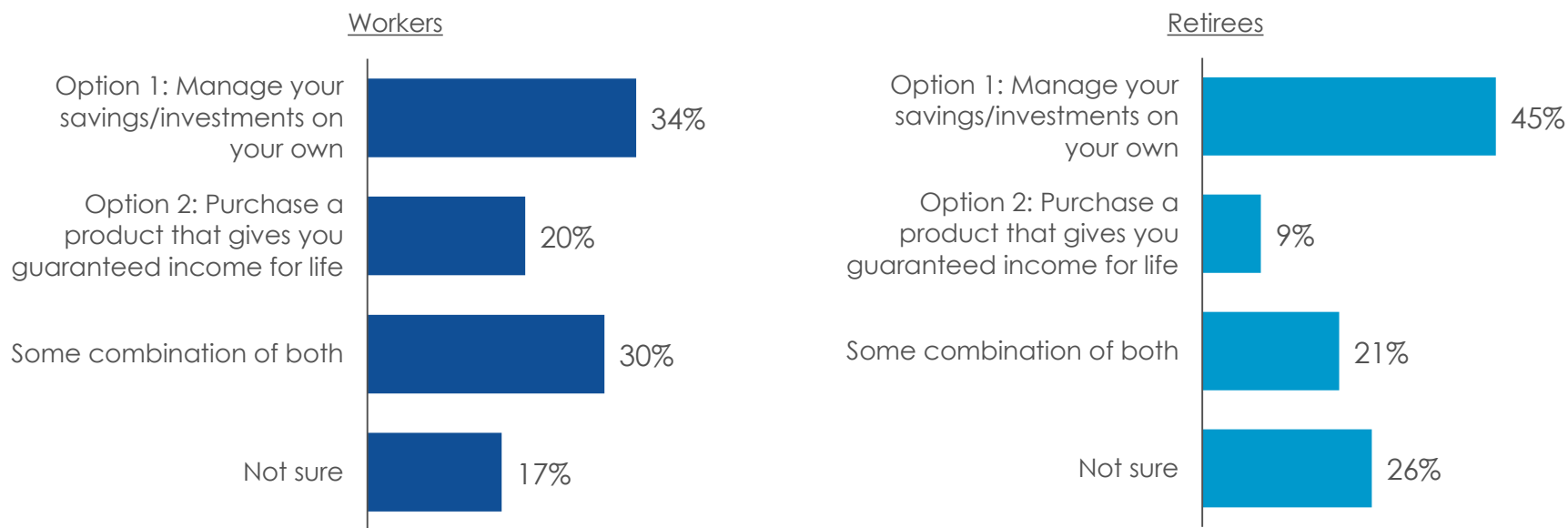
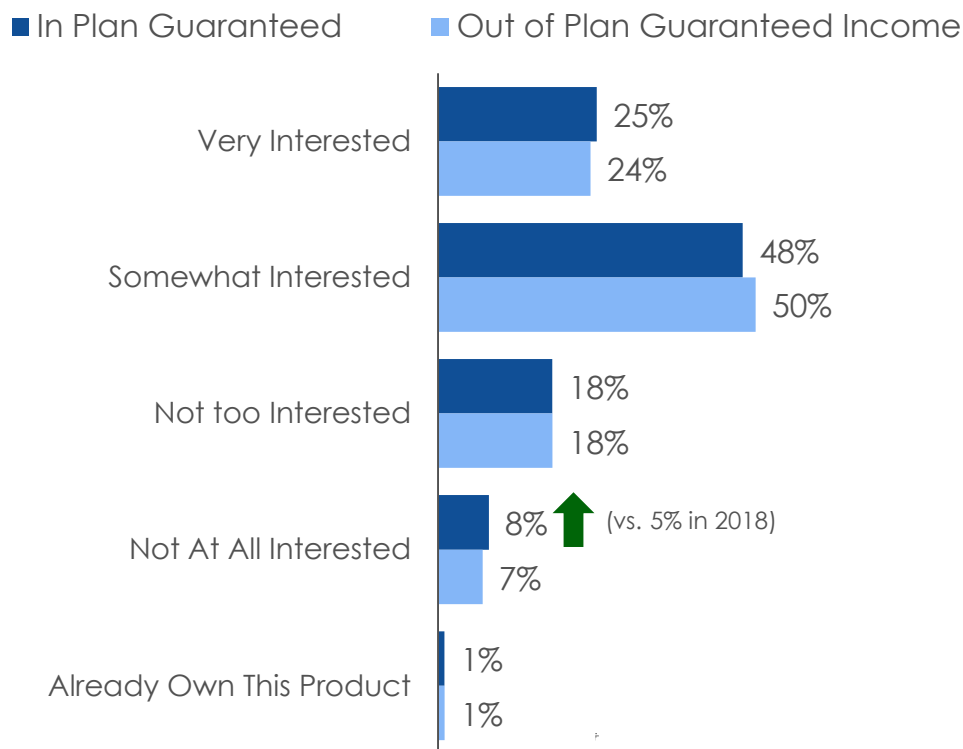


Figure 17

3 in 4 participants express interest in guaranteed lifetime income, regardless of whether the product is an in-plan investment option or a separate product purchased at the time of retirement.

How interested would you be in putting some or all of your workplace retirement plan savings into an investment option within your plan today that would guarantee you monthly income for life when you retire? / When you retire, how interested would you be in rolling some or all of your workplace retirement plan savings out of the plan and into a financial product that would guarantee you monthly income for life?

Workers participating in DC plan n=534



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

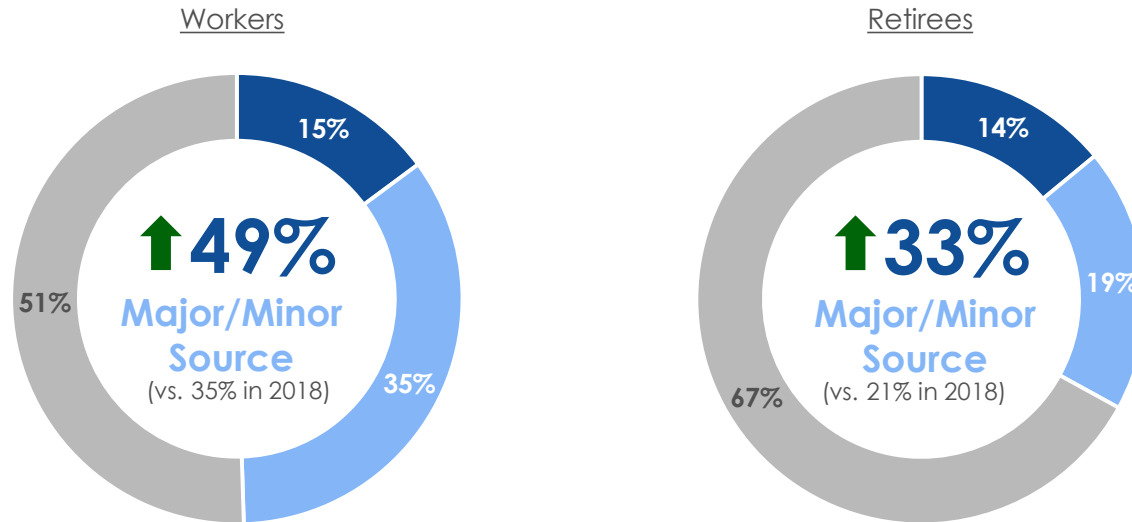
Figure 18

Half of workers expect a product that guarantees monthly income to be a source of income in retirement, compared with just 35% who said the same last year.

To what extent do you expect each of the following to be a source of income in retirement?
Workers planning to retire n=888, Retirees n=1,000

A Product That Guarantees Monthly Income For Life, Such As An Annuity*

■ Major Source ■ Minor Source ■ Not a Source



*Previously asked without 'such as an annuity'



= Up significantly from previous year



= Down significantly from previous year

Figure 19

The share of retirees who say Social Security is a major source of income in retirement is down from last year.

To what extent is each of the following a source of income in retirement?
2019 Retirees n=1,000

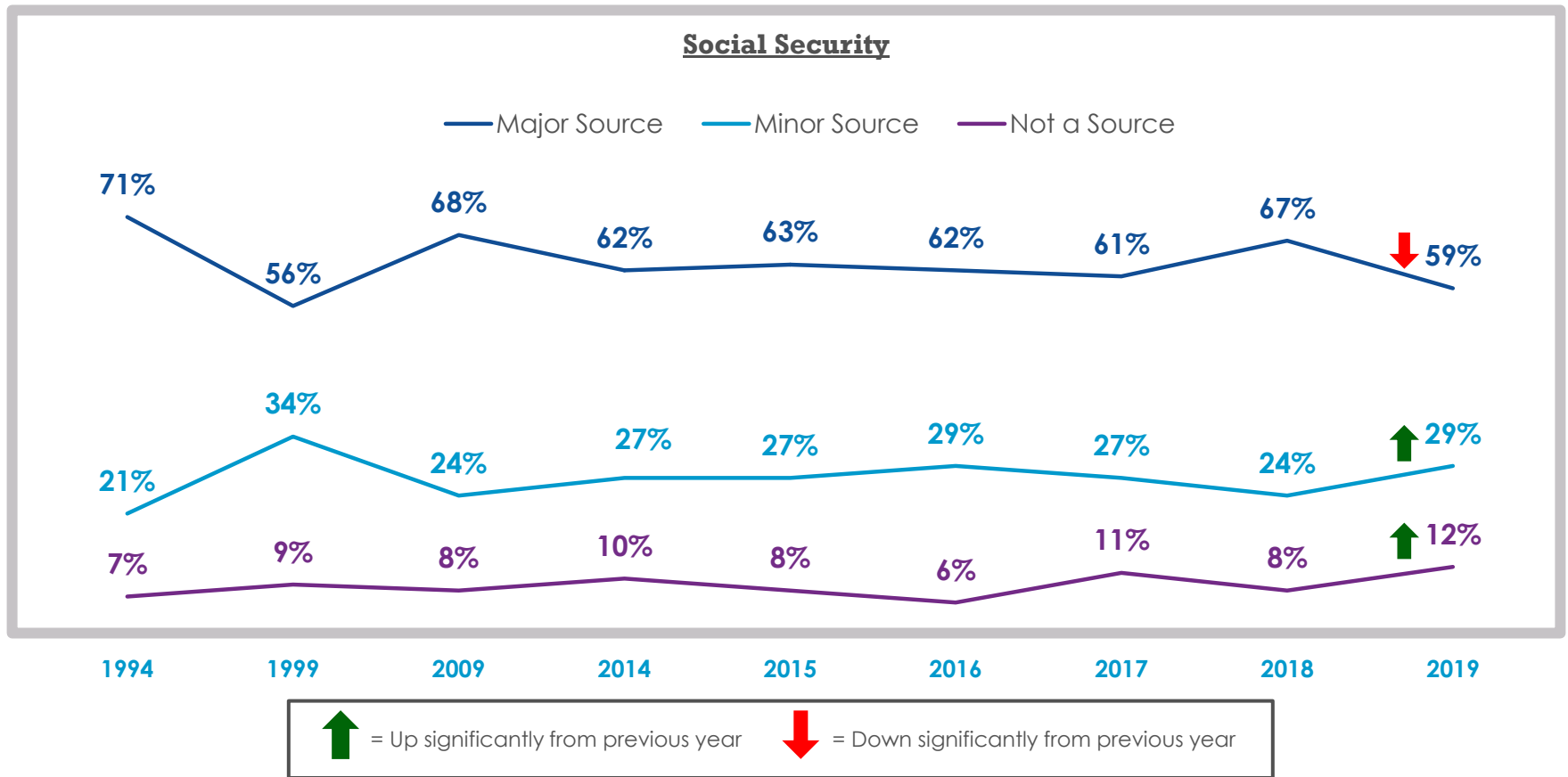


Figure 20

Compared with last year, retirees are now more likely to report personal savings or investments to be a major or minor source of their retirement income.

To what extent is each of the following a source of income in retirement?
2019 Retirees n=1,000

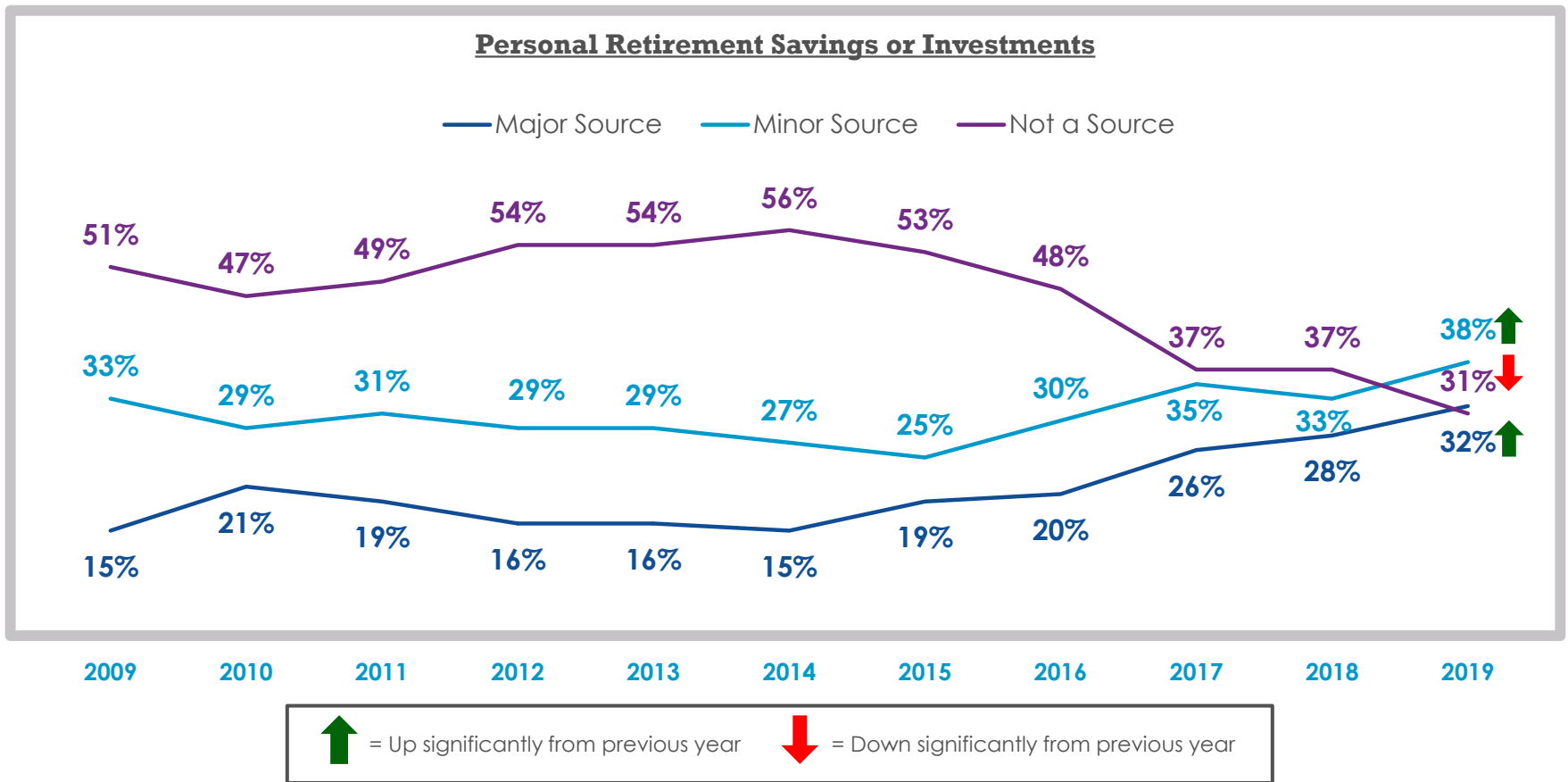


Figure 21

Defined benefit plans are perceived to be a major source of income for 43% of retirees.

To what extent is each of the following a source of income in retirement?
2019 Retirees n=1,000

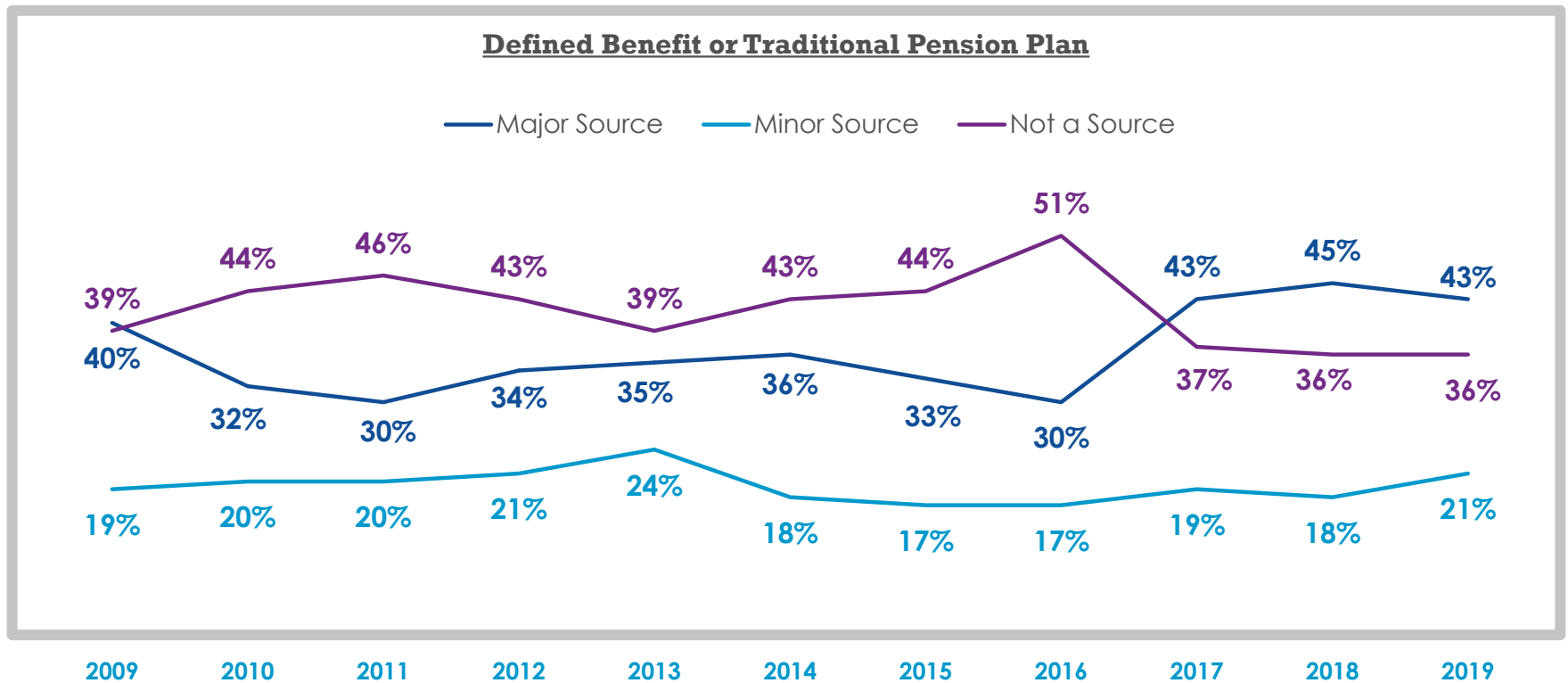
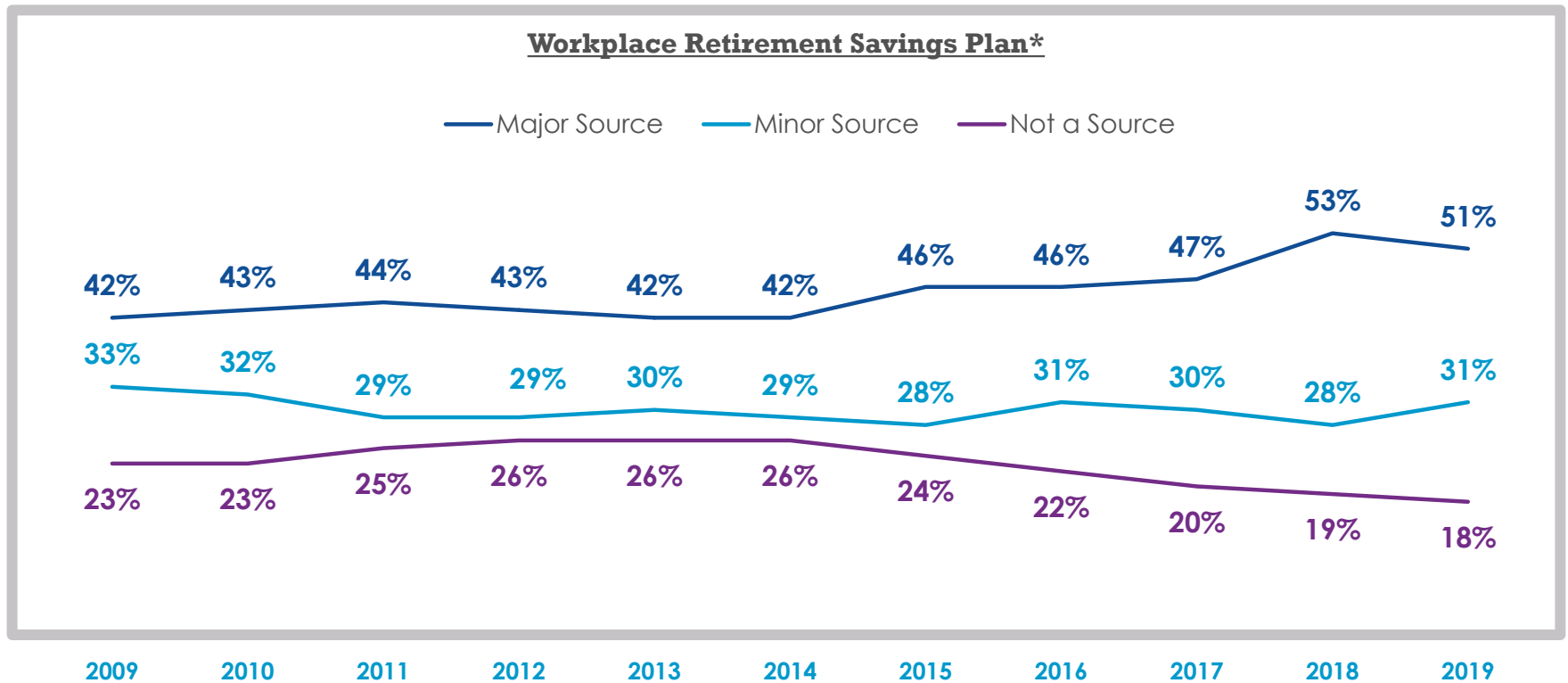


Figure 22

Consistent with last year, 8 in 10 workers expect their workplace retirement savings plan to be a source of income in retirement, including half who say it will be a major source.

To what extent do you expect each of the following to be a source of income in retirement?
2019 Workers planning to retire n=888



*Previously asked 'Employer-sponsored Retirement Savings Plan'

Figure 23

3 in 4 workers expect their personal savings or investments to be a source of income in retirement.

To what extent do you expect each of the following to be a source of income in retirement?
2019 Workers planning to retire n=888

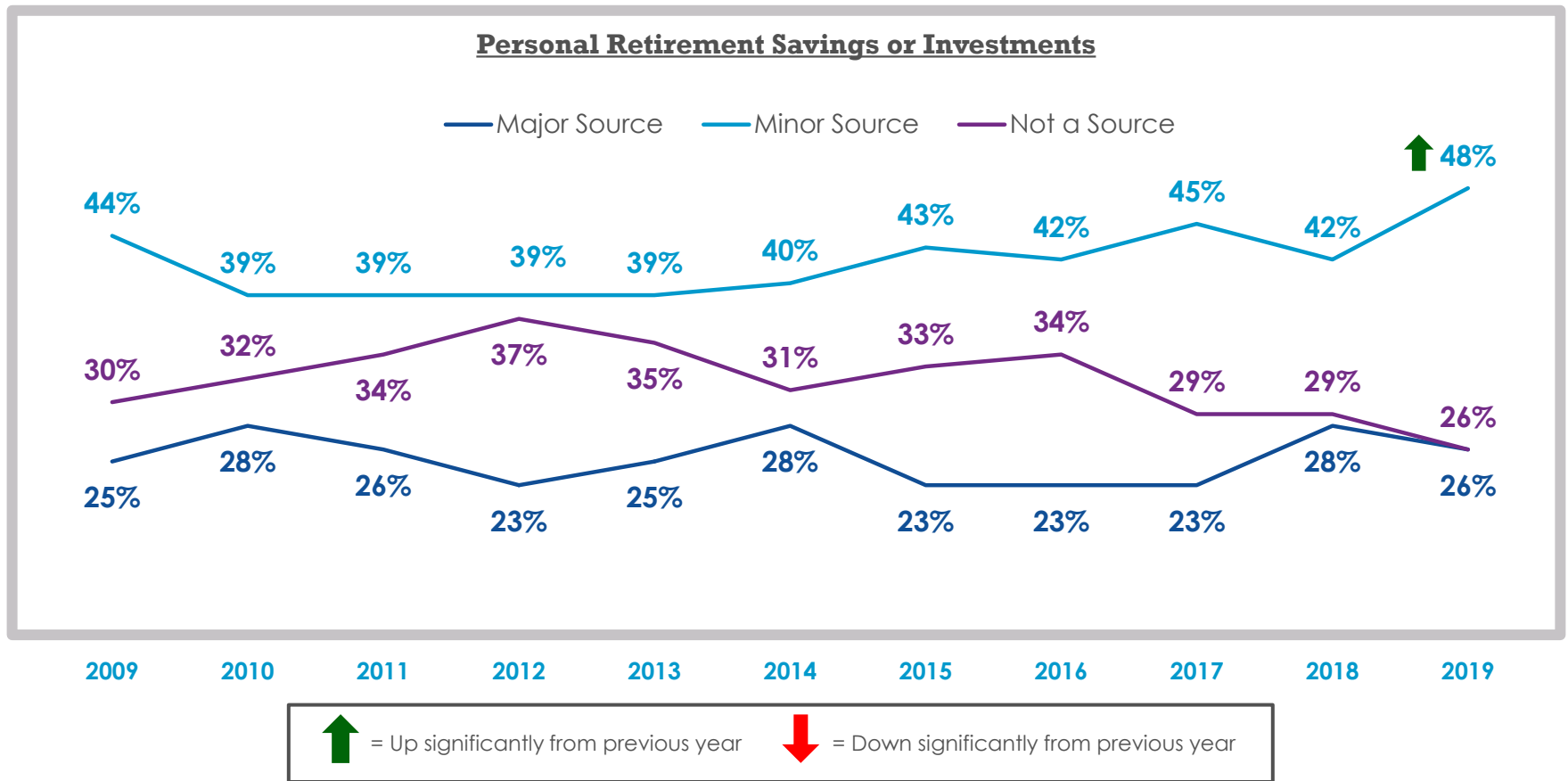


Figure 24

Up from 2018, nearly 7 in 10 workers expect their income in retirement to come from an IRA.

To what extent do you expect each of the following to be a source of income in retirement?
2019 Workers planning to retire n=888

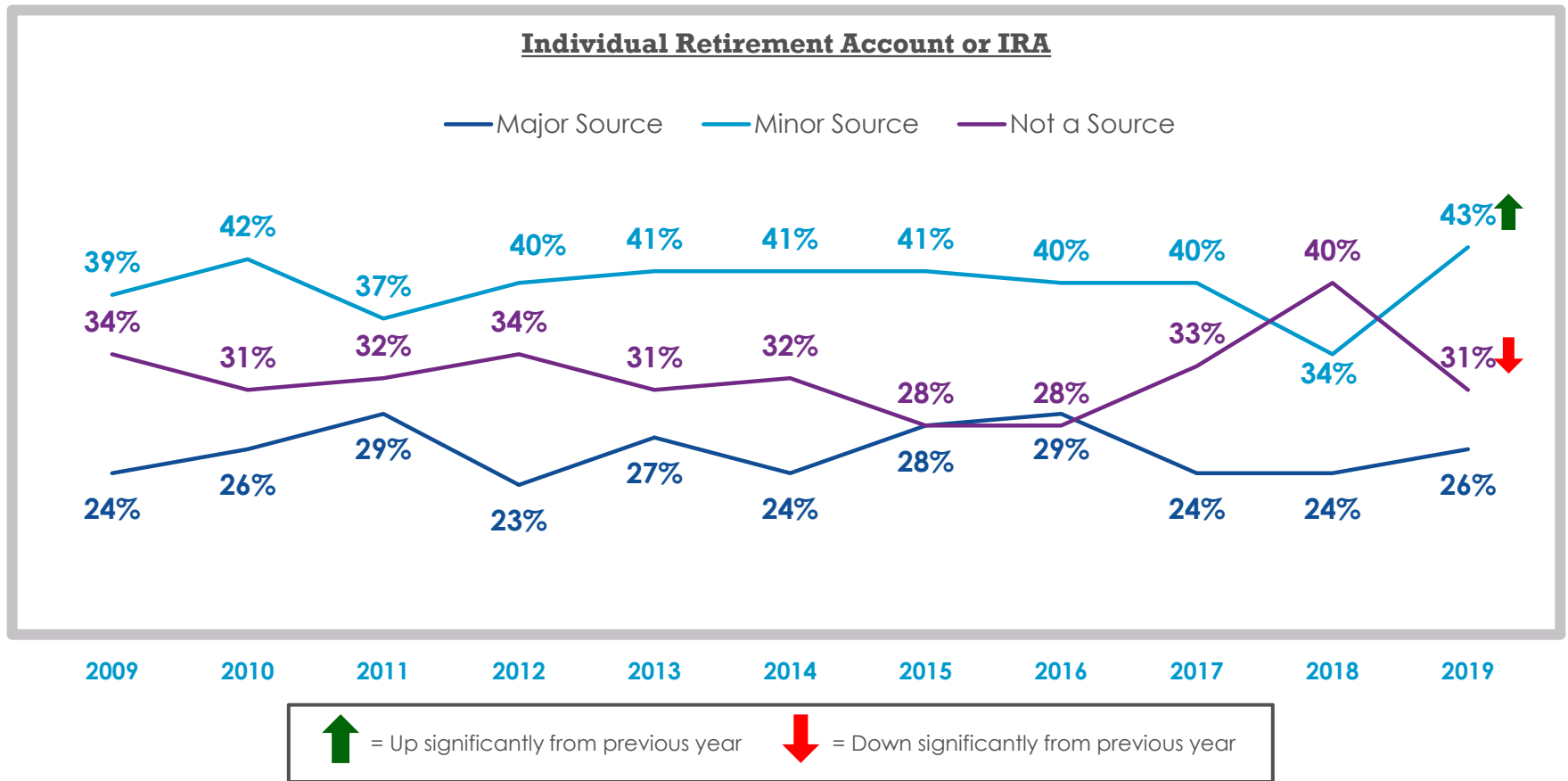
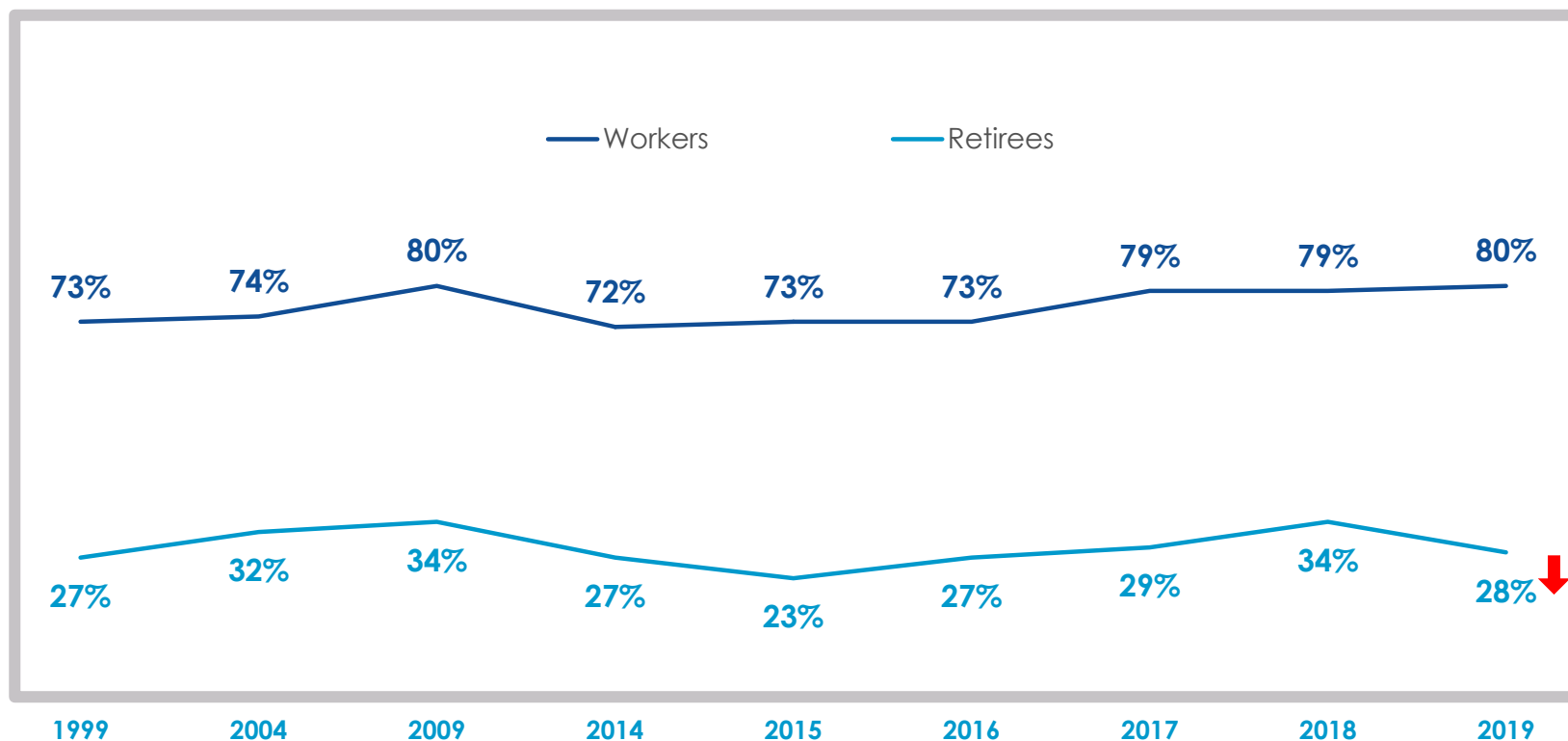


Figure 25

4 in 5 workers expect to work for pay after retiring, compared with fewer than 3 in 10 retirees who actually have worked for pay since retiring.

Do you think you will do any work for pay after you retire?*/Have you worked for pay since you retired?
Workers planning to retire n=888, Retirees n=1,000, Percent Yes



*Previously asked with a different scale.



= Up significantly from previous year

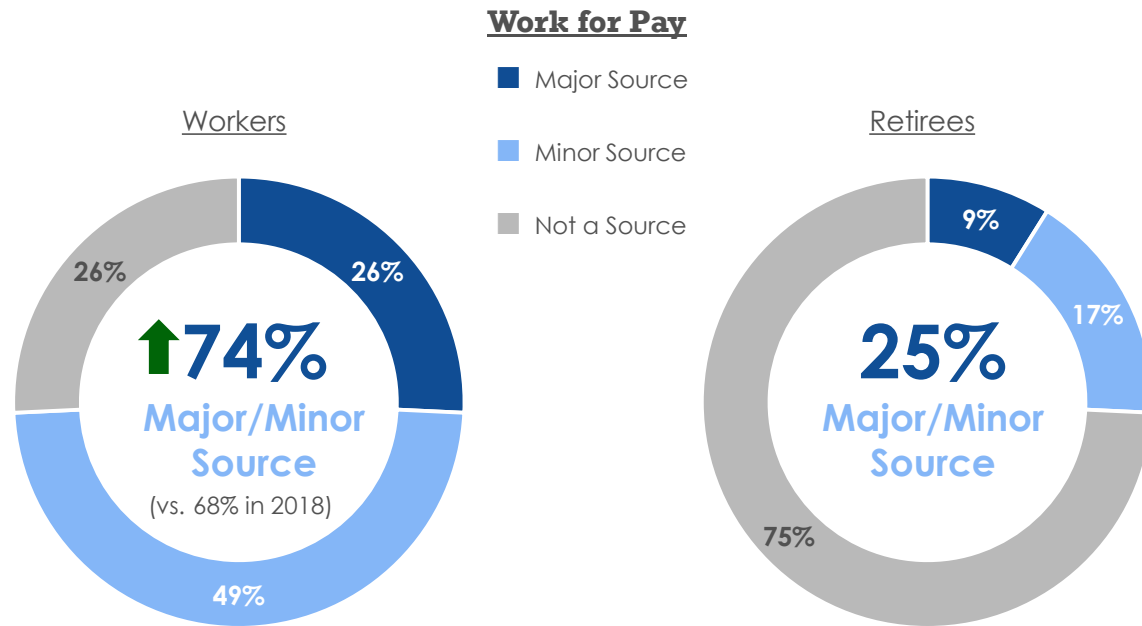


= Down significantly from previous year

Figure 26

Workers are also three times as likely to say they expect working for pay to be a source of income in retirement, compared with just 1 in 4 retirees who receive income from this.

To what extent do you expect each of the following to be a source of income in retirement?
Workers planning to retire n=888, Retirees n=1,000



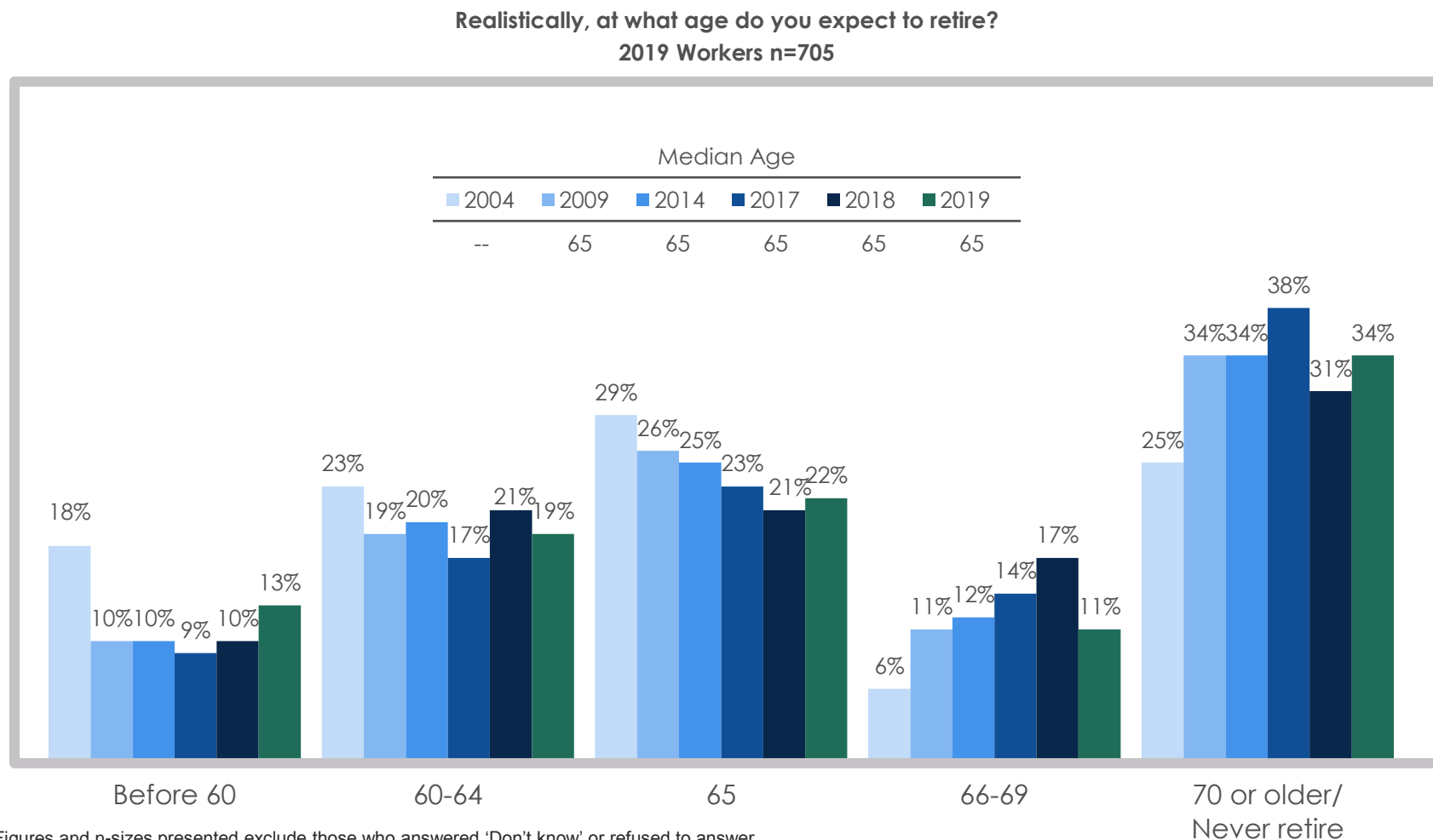
= Up significantly from previous year



= Down significantly from previous year

Figure 27

While workers' expected retirement age has varied over the years, the median age remains steady at 65 years old.



Figures and n-sizes presented exclude those who answered 'Don't know' or refused to answer

Figure 28

4 in 10 retirees retired earlier than planned — most often due to changes at their company or a health problem or disability.

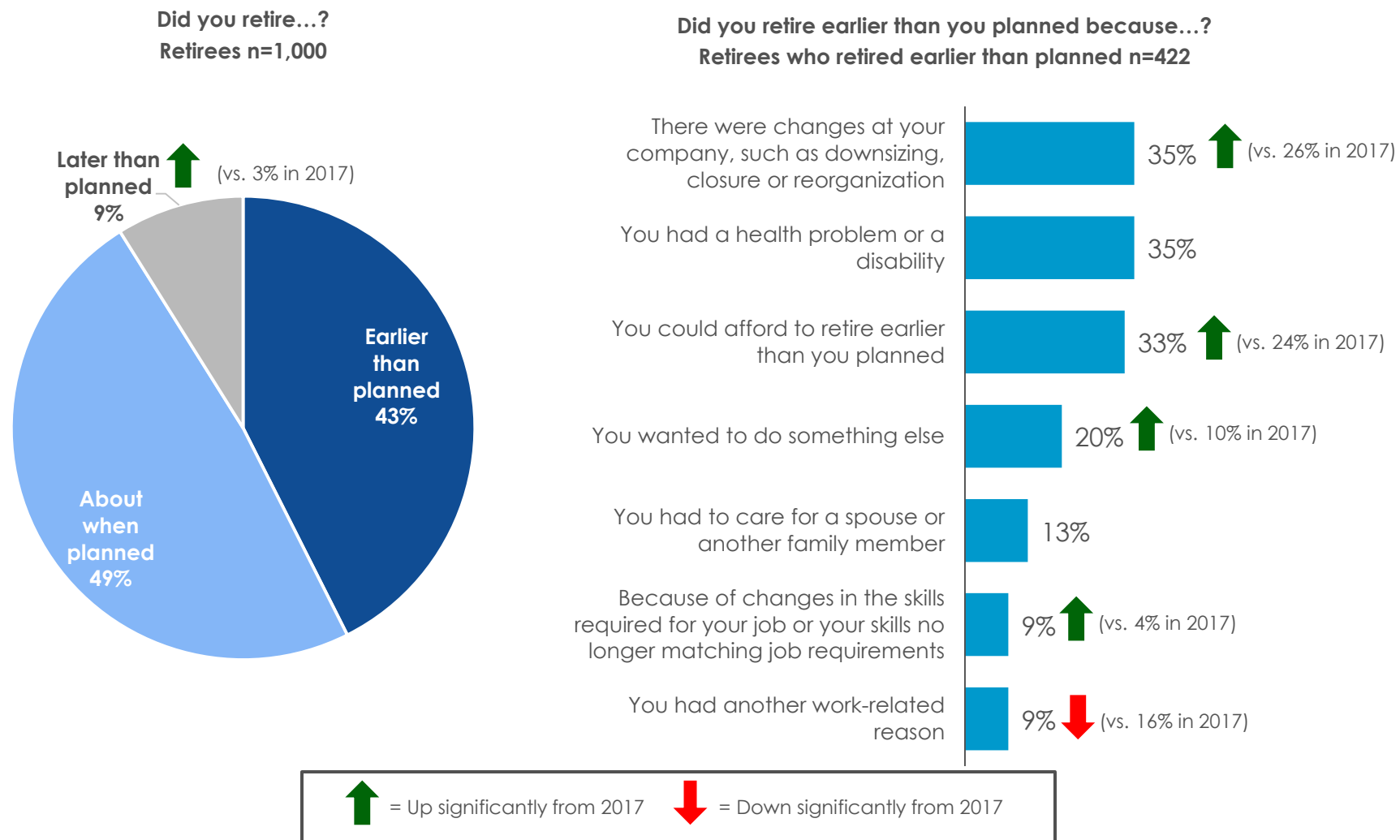


Figure 29

About 3 in 10 workers and retirees report having provided unpaid care to an adult or child with special needs to help take care of themselves.

Have you ever provided unpaid care to a relative or friend to help them take care of themselves?
Workers n=1,000, Retirees n=1,000

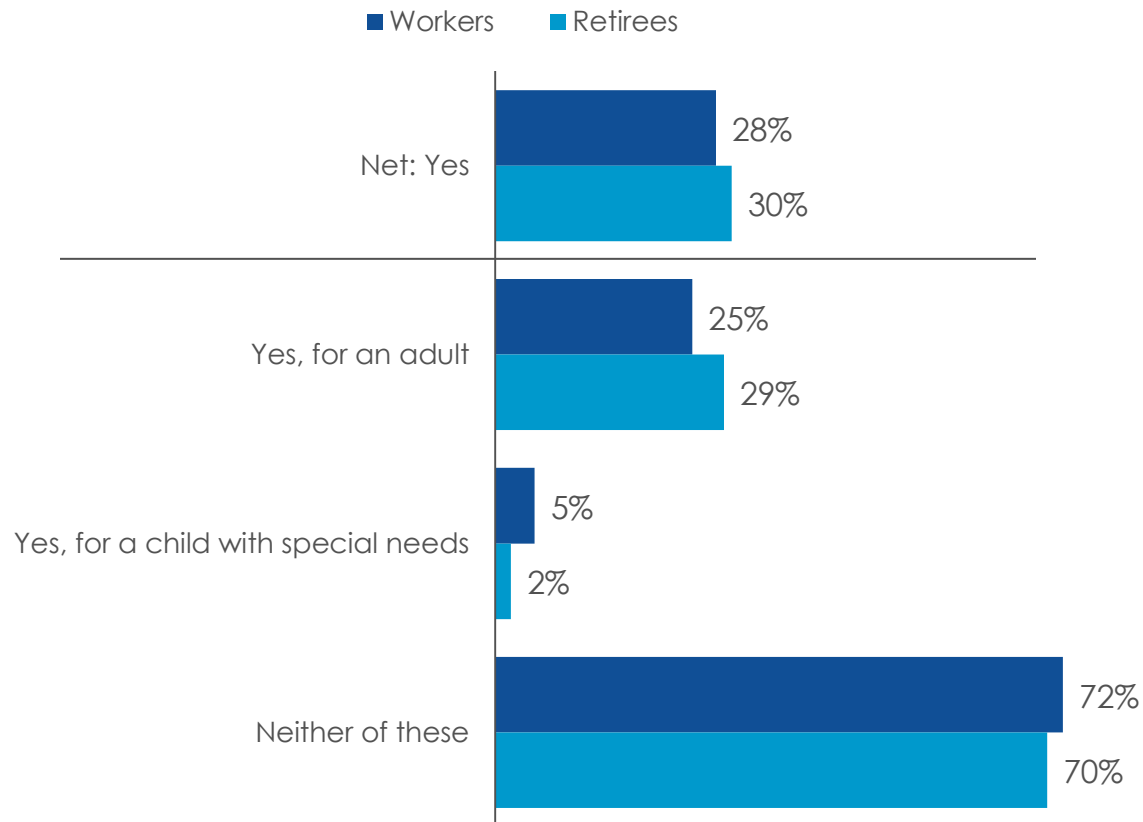


Figure 30

Providing unpaid care impacts workers more than retirees, with roughly 1 in 4 claiming it prevented them from saving for the future, increased their debt, or prevented them from contributing to their retirement plan.

Has caregiving had any of the following impacts on your financial life? Please select all that apply.

Workers who are caregivers n=285, Retirees who are caregivers n=334

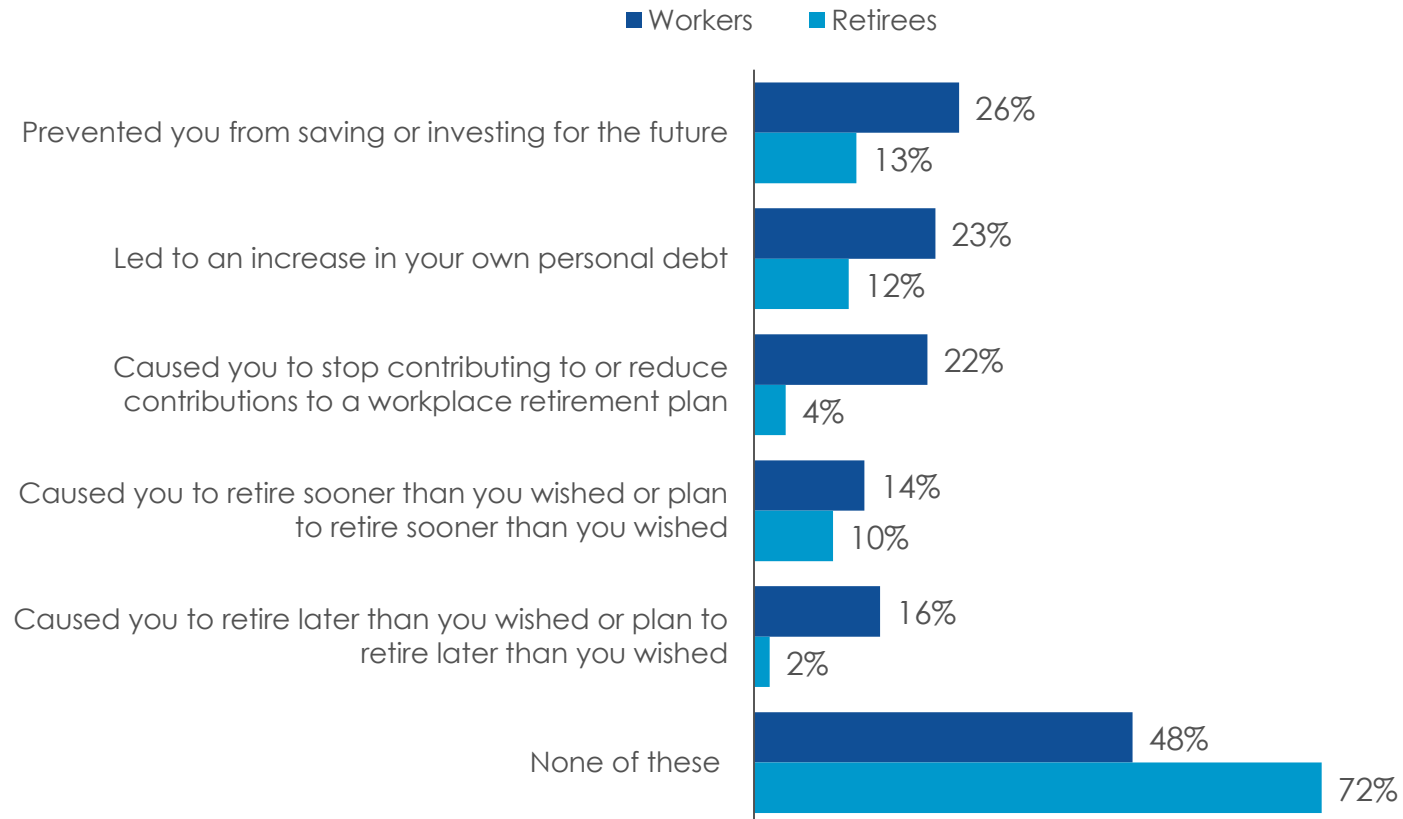


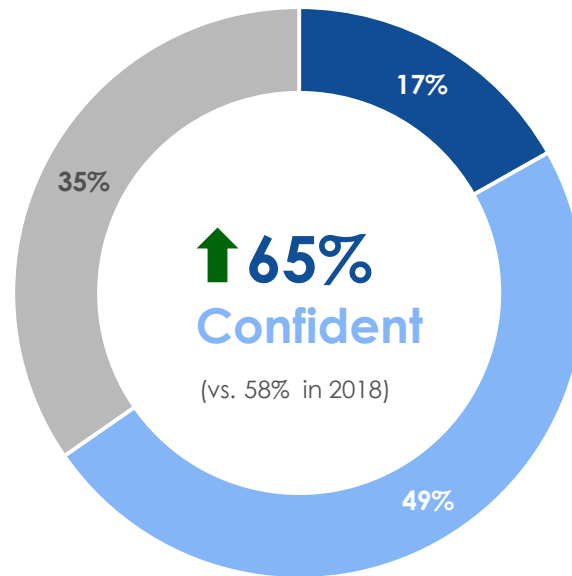
Figure 31

2 in 3 workers are at least somewhat confident in their ability to choose the right retirement products or investments for their personal situation.

How confident are you (and your spouse)...?
Workers n=1,000

In your ability to choose the right retirement products or investments for your situation

■ Very Confident ■ Somewhat Confident ■ Not Confident



= Up significantly from previous year



= Down significantly from previous year

Figure 32

When selecting investment options within their retirement plan, workers are most likely to take performance growth into consideration, followed by their risk tolerance or fees on different funds.

What factors do you consider when selecting investment options within your workplace retirement plan?
Workers currently contributing to an employer-sponsored retirement savings plan n=534



Figure 33

1 in 4 workers say they use their employer or information from work as a source of information for retirement planning.

Which of the following do you use as a source of information for retirement planning?
Workers n=1,000



Figure 34

When it comes to retirement planning, 38% of retirees say they use a professional financial advisor, although nearly as many claim they don't use any source of information tested.

Which of the following do you use as a source of information for retirement planning?

Retirees n=1,000

