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Spending in Retirement: Two Perspectives

WASHINGTON—How much do workers expect to spend in retirement? How does that compare with what retirees report they actually spend?

The 2010 Retirement Confidence survey answers these and other retirement-related questions. Here are the results:

Workers: More than half of workers expect their spending in the first five years of retirement to be *a little* lower (32 percent) or *much* lower (25 percent) than their spending in the five years before they retire. Furthermore, the percentage saying they expect their spending to be *much* lower increased from 20 percent in 2007 to 25 percent in 2009 and 2010.

Trend in Post-Retirement vs. Pre-Retirement Spending, Among Workers

	2007	2008	2009	2010
Much higher	2%	3%	3%	3%
A little higher	8	7	6	8
About the same	34	31	32	31
A little lower	34	34	32	32
Much lower	20	24	25	25

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, 2007–2010 Retirement Confidence Surveys.

Retirees: Retirees are as likely to indicate their spending in retirement is higher or about the same as it was before retiring (50 percent) as they are to say their spending is lower (49 percent). Part of the reason for this is that many retirees find they must spend more than they expected on health care expenses (40 percent in 2009).

Lack of employment-based retiree health insurance may make further demands on income in retirement. About one-third of workers expect to receive this type of insurance from an employer (35 percent, down from 40 percent in 2005), making workers as likely to expect insurance as current retirees are to report receiving it (34 percent). However, many employers are eliminating health care coverage for future retirees, so some workers who expect to receive it may find themselves disappointed.

The full details of the 2010 Retirement Confidence Survey appear in the March 2010 *EBRI Issue Brief*, available at www.ebri.org/surveys/rcs/2010/

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