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Issue Brief

The 2016 Retirement Confidence Survey: Worker Confidence Stable, Retiree Confidence Continues to Increase

By Ruth Helman, Greenwald & Associates; and Craig Copeland, Ph.D., and Jack VanDerhei, Ph.D., Employee Benefit Research Institute

AT A GLANCE

The 26th wave of the Retirement Confidence Survey (RCS), the longest-running survey of its kind in the nation, finds that American workers' confidence in their ability to afford a comfortable retirement has maintained its increase after the record lows experienced between 2009 and 2013. However, retiree confidence in their ability to afford a comfortable retirement continued to increase in 2016. [1] While workers and/or their spouses who have a retirement plan have much larger savings and are also more likely to have taken steps to prepare for retirement, in the aggregate, only a minority of all workers appear to be taking basic steps needed to prepare for retirement.

Findings in this year's RCS include:

- The percentage of workers very confident about having enough money for a comfortable retirement, at record lows between 2009 and 2013, increased from 13 percent in 2013 to 22 percent in 2015, and, in 2016 has leveled off at 21 percent. The percentage of workers somewhat confident increased from 36 percent in 2015 to 42 percent in 2016, while the percentage not at all confident decreased from 24 percent in 2015 to 19 percent in 2016.
- This move out of the not-at-all-confident group is observed primarily among those reporting they or their spouses do *not* have a retirement plan (defined benefit, defined contribution, or individual retirement account). Whereas in the recent prior years, increases in retirement confidence occurred among those with a plan.
- Retiree confidence in having enough money for a comfortable retirement, which historically tends to exceed worker confidence levels, continued to increase in 2016 reaching 39 percent who are very confident (up from 18 percent in 2013). The percentage not at all confident was 12 percent (statistically unchanged from 14 percent in 2013).
- Worker confidence in the affordability of various aspects of retirement continued its increase in 2016. In particular, the percentage of workers who are very confident in their ability to pay for basic expenses increased (43 percent in 2016, up from 25 percent in 2013 and 37 percent in 2015). The percentages of workers who are very confident in their ability to pay for medical expenses (22 percent, up from 14 percent in 2013) and long-term care expenses (16 percent, up from 11 percent in 2013) are slowly inching upward.
- Sixty-nine percent of workers report they or their spouses have saved for retirement (statistically equivalent to 67 percent in 2015). Still, a sizable percentage of workers report they have virtually no savings and investments. Among RCS workers providing this type of information, 26 percent say they have less than $1,000, though those who indicate they and their spouse do not have a retirement plan—a defined benefit (DB), defined contribution (DC), or individual retirement account (IRA)—are far more likely than those who have a plan to report this low level of savings (67 percent vs. 9 percent) and far less likely to report having saved at least $100,000 (5 percent vs. 34 percent).
- Retirees are more likely than workers to describe their level of debt as *not* a problem. Sixty-seven percent of retirees and 44 percent of workers indicate they do not have a problem with their level of debt.

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The 2016 Retirement Confidence Survey: Worker Confidence Stable, Retiree Confidence Continues to Increase

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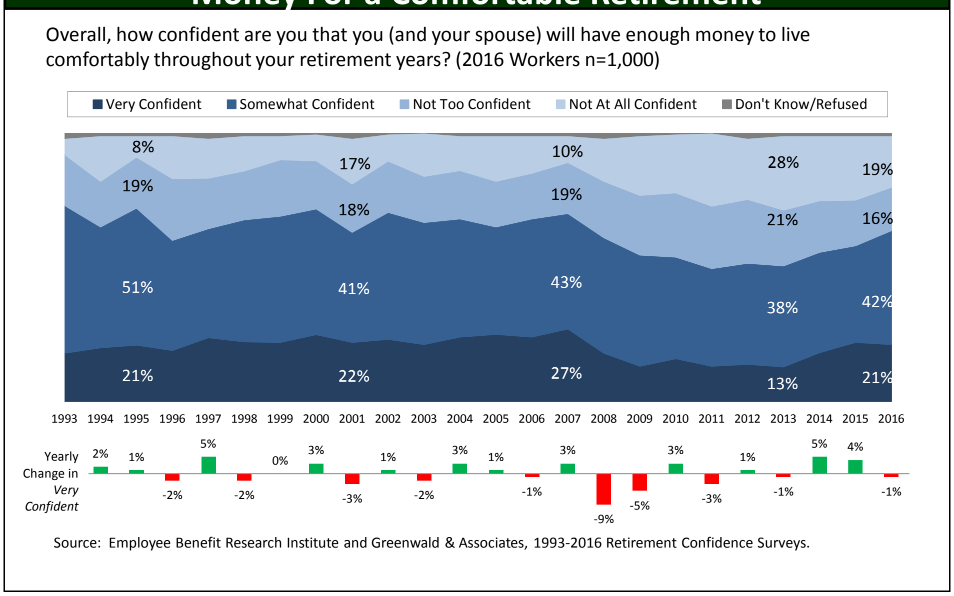
Retirement Confidence

Overall Retirement Confidence

The 26th annual Retirement Confidence Survey (RCS), the longest-running survey of its kind in the nation, finds American workers' confidence in their ability to retire comfortably, which was at record lows between 2009 and 2013 before increases in 2014 and 2015, leveled off at the very-confident level in 2016; but the percentages of workers who are somewhat confident increased and workers who are not at all confident decreased. Twenty-one percent of workers are now very confident they will have enough money to live comfortably throughout their retirement years (statistically unchanged from 22 percent in 2015 but up from 13 percent in 2013). Forty-two percent say they are somewhat confident, compared with 36 percent in 2015 and 38 percent in 2013. Nineteen percent of workers are not at all confident that they will have enough money to live comfortably throughout their retirement years (still above the low of 10 percent in 2007 but below the 24 percent in 2015 and 28 percent in 2013). Finally, 35 percent of workers are not too or not at all confident they will have enough money for retirement, down from 49 percent in 2013 (Figure 1).

Figure 1
Worker Confidence About Having Enough Money For a Comfortable Retirement



Retiree confidence about having enough money for a comfortable retirement continued its increase in 2016. Thirty-nine percent of retirees are very confident about having enough money to live comfortably throughout their retirement years (up from 18 percent in 2013) and 36 percent are somewhat confident (compared with 44 percent in 2013). At the same time, 12 percent say they are not at all confident, and another 12 percent of retirees are not too confident.

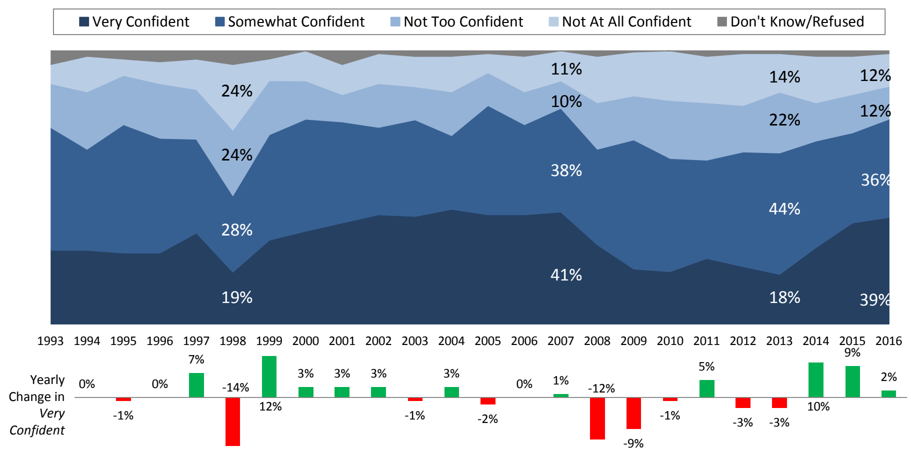
Like worker confidence, retiree confidence in having enough money for retirement has varied over the 26 years of the RCS, though the level of confidence expressed by those already in retirement has tended to be greater than those yet to retire. Retirement confidence among retirees remained fairly steady at roughly 40 percent very confident and 10 percent not at all confident from 2002 through 2007, but the percentage stating they were very confident declined in 2008 and 2009 before the most recent trend upward (Figure 2).

Retirement confidence is strongly related to retirement plan participation, whether in a defined contribution (DC) plan, defined benefit (DB) plan, or individual retirement account (IRA). Workers reporting they or their spouse have money in a DC plan or IRA or have benefits in a DB plan from a current or previous employer are more than twice as likely as those without any of these plans to be very confident (26 percent with a plan vs. 10 percent without a plan) (Figure 3). Additionally, workers without a plan are more than three times as likely to say they are not at all confident about their financial security in retirement (11 percent with a plan vs. 38 percent without a plan).

The increase in confidence between 2013 and 2015 occurred primarily among those with a plan, but the changes in confidence in 2016 occurred among those without a plan. Among those without a plan, the percentage somewhat confident increased from 21 percent in 2015 to 29 percent in 2016, and the percentage not at all confident decreased from 44 percent to 38 percent. However, the percentage very confident remained statistically unchanged among those without a plan (10 percent in 2013 and 12 percent in 2015 to 10 percent in 2016).

Figure 2
Retiree Confidence About Having Enough Money For a Comfortable Retirement

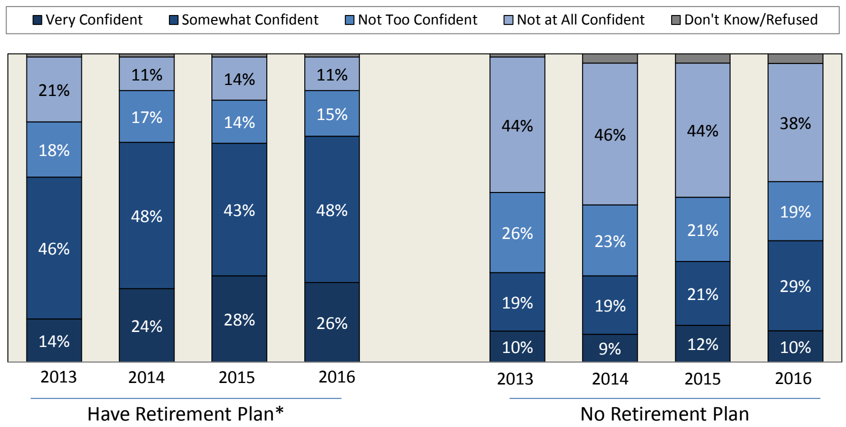
Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (2016 Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

Figure 3
Retirement Confidence by Plan vs. No Plan

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years?



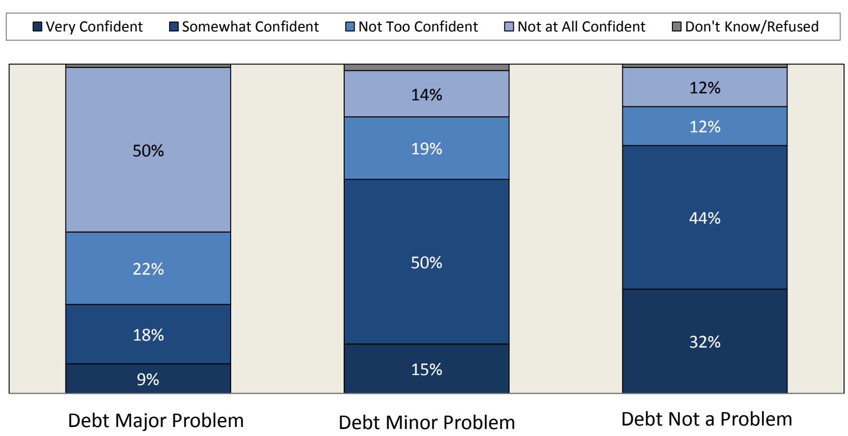
*Have Retirement Plan defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan

Source: Employee Benefit Research Institute and Greenwald & Associates, 2013-2016 Retirement Confidence Survey

The RCS has consistently found a relationship between the level of debt and retirement confidence.[2] In 2016, just 9 percent of workers who describe their debt as a major problem say they are very confident about having enough money to live comfortably throughout retirement, compared with 32 percent of workers who indicate debt is not a problem. On the other hand, half of workers with a major debt problem are not at all confident about having enough money for a financially secure retirement, compared with 12 percent of workers without a debt problem (Figure 4).

Figure 4
Worker Confidence in Financial Security in Retirement, by Debt

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years?



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

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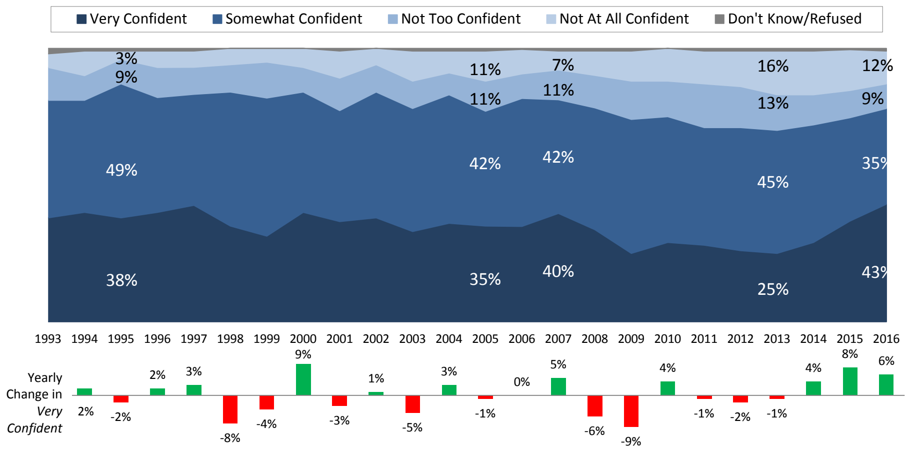
Confidence in Other Financial Aspects of Retirement

Workers

Worker confidence about their ability to pay for basic expenses in retirement continues to rebound from the lows measured in 2013. Forty-three percent of workers are now very confident that they will have enough money to pay for basic expenses during retirement (up from 37 percent in 2015 and 25 percent in 2013). At the same time, 12 percent are not at all confident about their ability to pay for basic expenses in retirement (down from 16 percent in 2013) (Figure 5).

Figure 5
Worker Confidence in Their Ability to Have Enough Money For Basic Expenses in Retirement

Overall, how confident are you that you will have enough money to take care of your basic expenses during your retirement? (2016 Workers n=1,000)

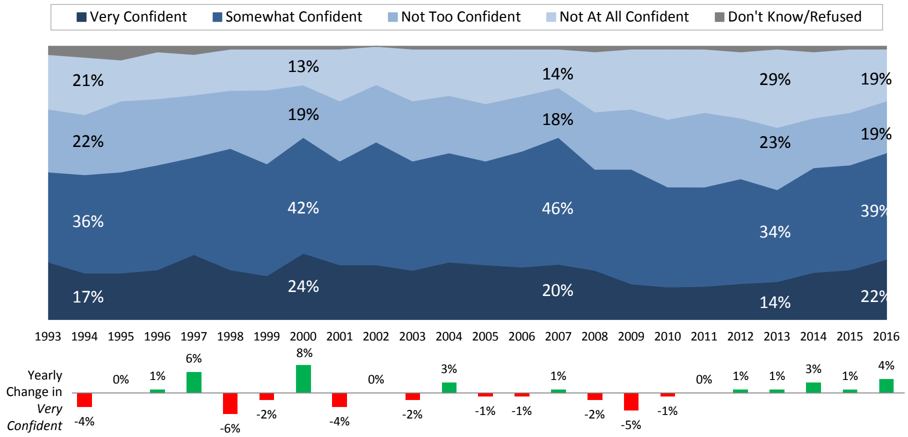


Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

Although well below the confidence level observed regarding paying for basic expenses, worker confidence about having enough money to pay for medical expenses and long-term care expenses in retirement continues an incremental rise from the lows observed in 2011. More workers are now very confident about being able to pay for medical expenses (22 percent, up from 12 percent in 2011) and long-term care expenses (16 percent, up from 9 percent in 2011). At the same time, the percentages of workers who are not at all confident about paying for medical expenses (19 percent, down from 29 percent in 2013) and long-term care expenses (26 percent, down from 39 percent in 2013) in retirement remain below the highs measured in 2013 (Figures 6 and 7).

Figure 6
Worker Confidence About Affording Medical Expenses in Retirement

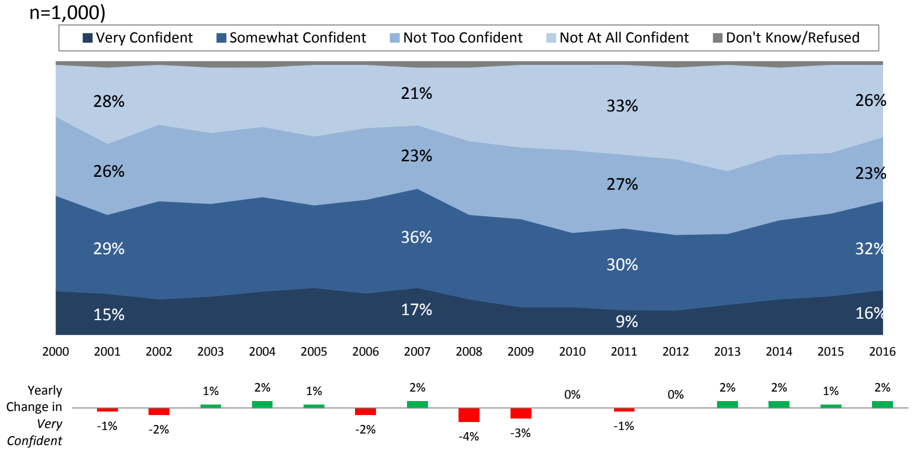
Overall, how confident are you that you will have enough money to take care of your medical expenses during your retirement? (2016 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

Figure 7
Worker Confidence About Paying for Long-term Care

Overall, how confident are you that you will have enough money to pay for long-term care, such as nursing home or home health care, should you need it during your retirement? (2016 Workers n=1,000)



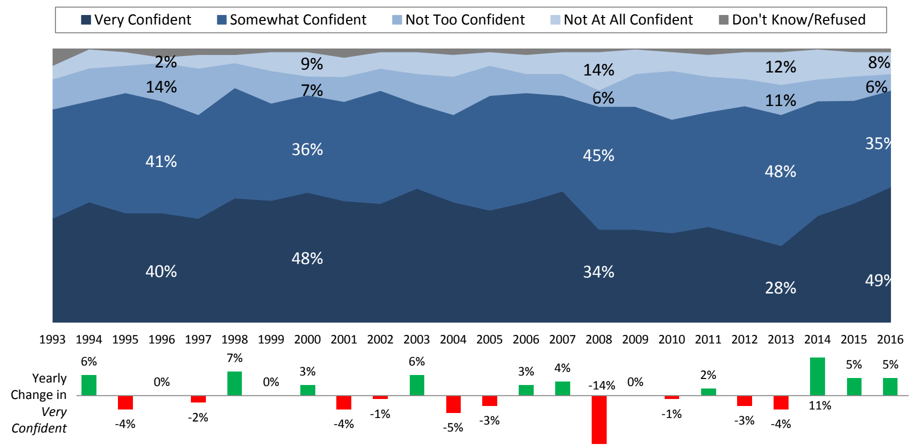
Source: Employee Benefit Research Institute and Greenwald & Associates, 2000-2016 Retirement Confidence Surveys.

Retirees

Retirees, who are already in that life stage, tend to express higher levels of confidence than workers in each of these financial aspects of retirement, and several confidence indicators show increases in 2016. The percentage of retirees who are very confident in having enough money to pay for basic expenses has increased to 49 percent, from 28 percent in 2013, surpassing the prior peak of 48 percent measured in the 2007 RCS. At the same time, 8 percent continue to be not at all confident about paying for basic expenses (Figure 8). Similarly, the percentage of retirees who are very confident about having enough money to cover medical expenses increased to 42 percent, up from 24 percent in 2013. The percentage very confident about paying for long-term care expenses also continued its slow increase from 16 percent in 2013 to 26 percent in 2016. While the percentage not at all confident about having enough money to pay for medical care (11 percent in 2015 and 15 percent in 2013) remains statistically level, the percentage not at all confident about having enough money to pay for long-term care has significantly decreased (22 percent in 2016 from 34 percent in 2013) (Figures 9 and 10).

Figure 8
Retiree Confidence About Their Ability to Pay for Basic Expenses

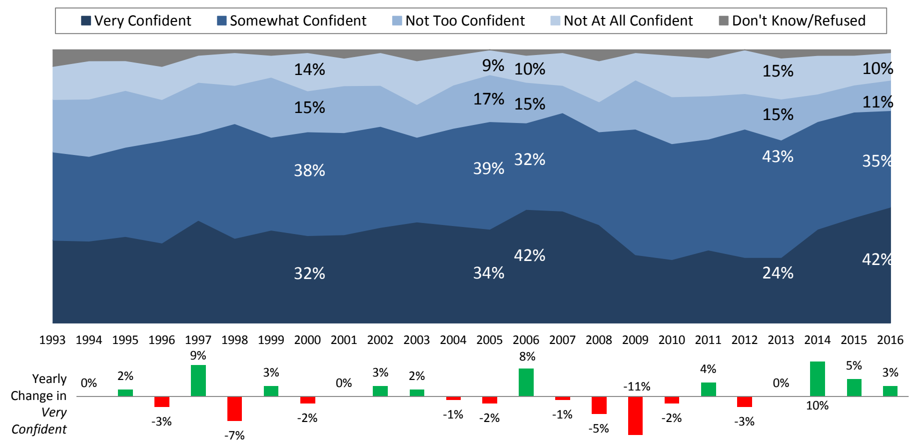
Overall, how confident are you that you will have enough money to take care of your basic expenses during your retirement? (2016 Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

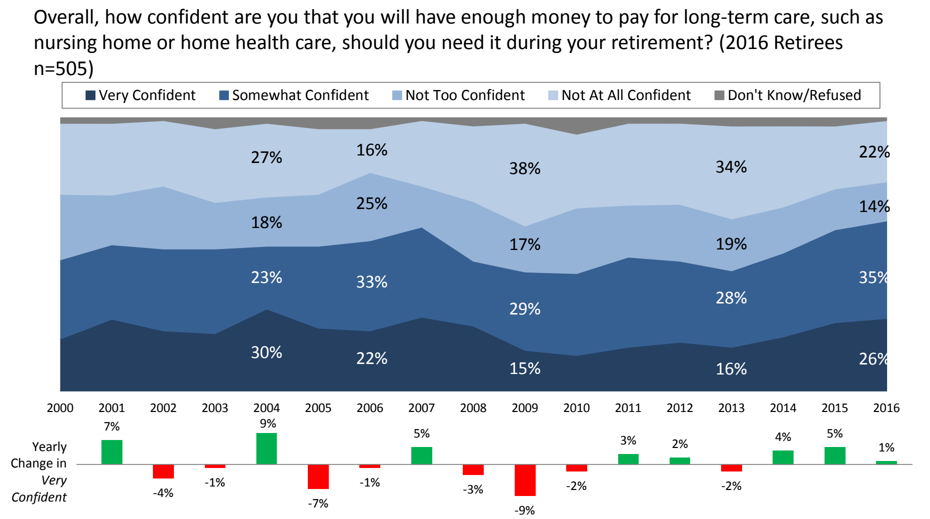
Figure 9
Retiree Confidence About Paying for Medical Expenses

Overall, how confident are you that you will have enough money to take care of your medical expenses during your retirement? (2016 Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

Figure 10
Retiree Confidence in Their Ability to Pay for Long-term Care Expenses



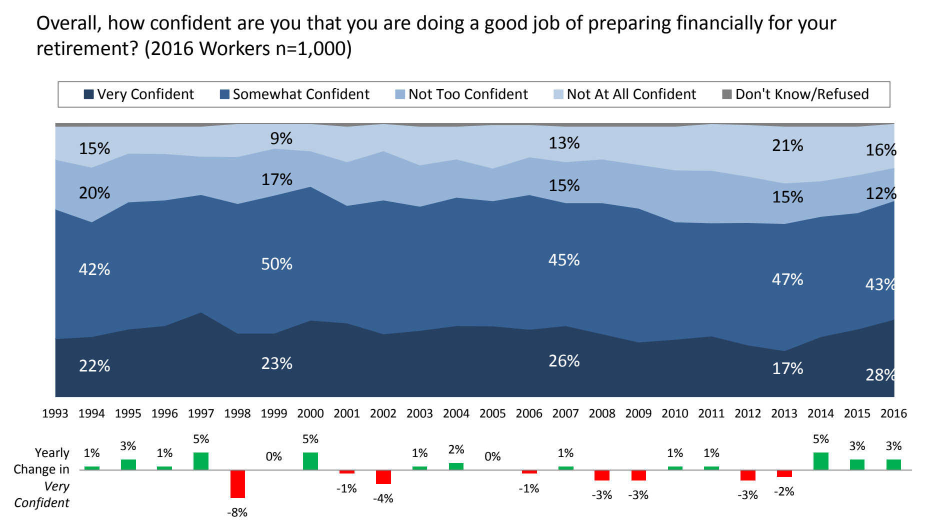
Source: Employee Benefit Research Institute and Greenwald & Associates, 2000-2016 Retirement Confidence Surveys.

Preparing for Retirement

Retirement Planning

Workers' confidence that they are doing a good job of preparing financially for retirement continues to rebound from the low in 2013. The percentage very confident increased to 28 percent in 2016, up from 17 percent in 2013 and statistically equivalent to the prior peak levels measured between 2003 and 2007. However, the percentage not at all confident is 16 percent in 2016, compared with 21 percent in 2013 and 12 percent in 2008. Combining the 16 percent of workers who say they are not at all confident with the 12 percent of workers who say they are not too confident shows that less than one-third (28 percent) indicate they lack confidence in their financial preparations for retirement, compared with more than two-thirds who are confident (28 percent very confident and 43 percent somewhat confident) (Figure 11).

Figure 11
Worker Confidence in Doing a Good Job Preparing for Retirement

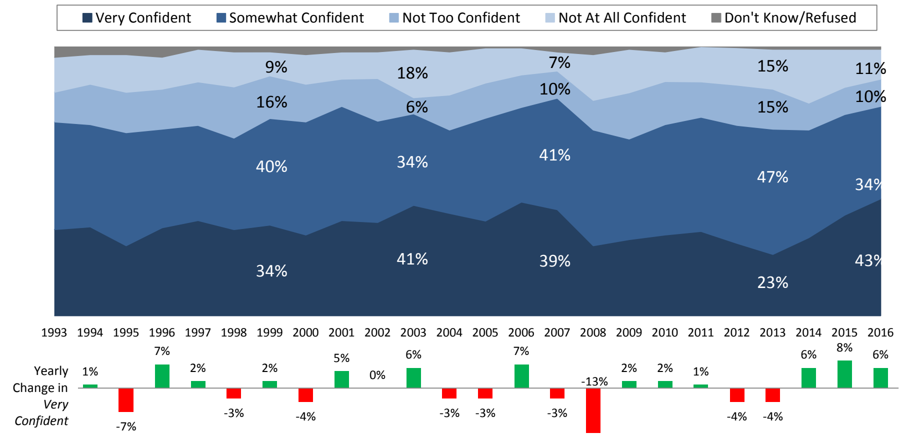


Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

The percentage of retirees who are very confident that they have done a good job of preparing for retirement rose in the 2016 RCS to 43 percent. This percentage fell from 42 percent in 2006 to 26 percent in 2008 and remained statistically level through 2013 before increases in 2014-2016. Another 34 percent are somewhat confident. That said, 11 percent of retirees continue to be not at all confident about having done a good job (Figure 12).

Figure 12
Retiree Confidence in Doing a Good Job Preparing for Retirement

Overall, how confident are you that you did a good job of preparing financially for your retirement?
(2016 Retirees n=505)

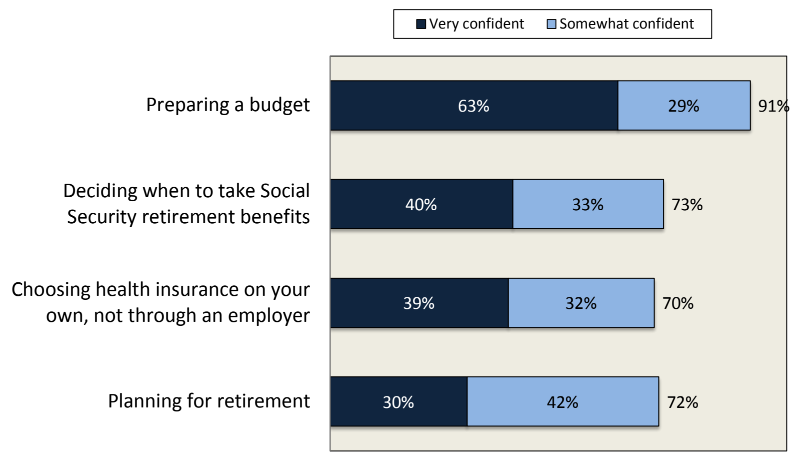


Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

However, workers and retirees report that they are less confident in their ability to plan for retirement than for other activities. While 30 percent of workers say that they are very confident in their ability to do a good job of planning for retirement, 63 percent report that they are very confident in their ability to do a good job in preparing a budget, 39 percent in choosing health insurance on their own (not through an employer) and 40 percent on deciding when to take Social Security retirement benefits. Fifty-four percent of retirees say that they are very confident in their ability to do a good job of planning for retirement, compared with 68 percent being very confident in their ability to do a good job in preparing a budget and 70 percent in deciding when to take Social Security retirement benefits (Figures 13 and 14).

Figure 13
Worker Confidence in Their Ability to Do a Good Job of Various Activities

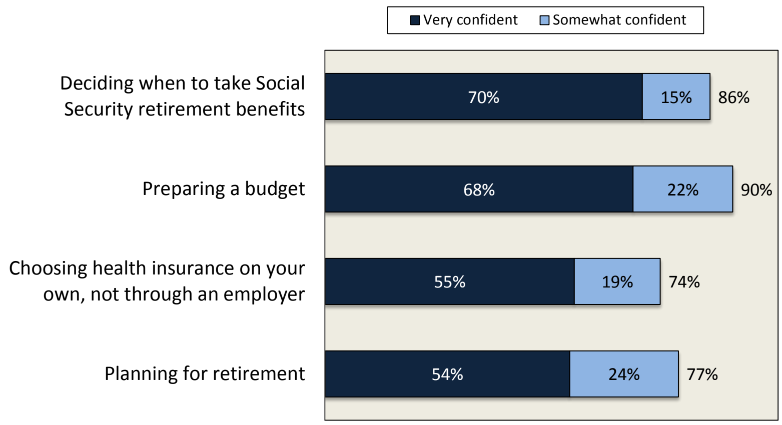
How confident are you about your ability to do a good job of...? (2016 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey.

Figure 14
Retiree Confidence in Their Ability to Do a Good Job of Various Activities

How confident are you about your ability to do a good job of…? (2016 Retirees n=505)



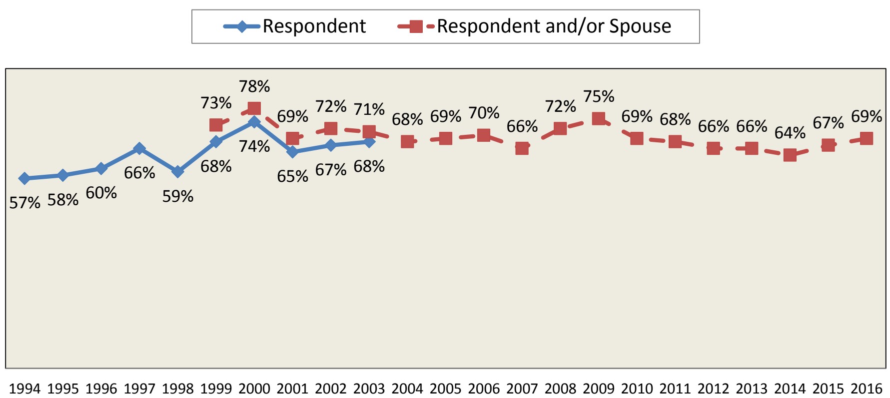
Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey.

Savings and Investments

One might expect that the increase in retirement confidence noted above would be based on an improvement in retirement preparations, but this does not appear to be the case for many workers. The percentage of workers who reported they and/or their spouse had saved for retirement peaked in 2009 (to 75 percent), but declined thereafter and statistically remains at that level (69 percent in 2016) (Figure 15). The percentage of retirees having saved for retirement climbed slowly from 59 percent in 2000 to 74 percent in 2011 but now stands at 64 percent (Figure 16).

Figure 15
Workers Who Report Having Saved Money for Retirement

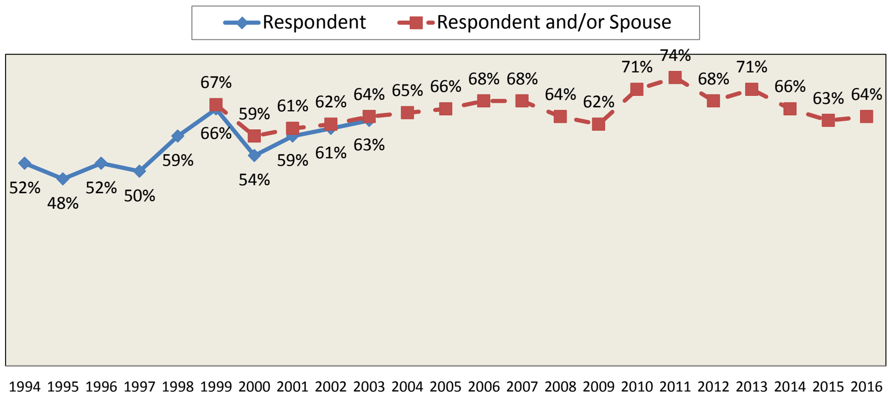
Not including Social Security taxes or employer-provided money, have you (and/or your spouse) personally saved any money for retirement? These savings could include money you personally put into a retirement plan at work. (2016 Workers n=1,000, percent yes)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1994-2016 Retirement Confidence Surveys.

Figure 16
Retirees Who Report Having Saved Money for Retirement

Not including Social Security taxes or employer-provided money, did you (and/or your spouse) personally save any money for retirement before you retired? These savings could include money you personally put into a retirement plan at work. (2016 Retirees n=505)

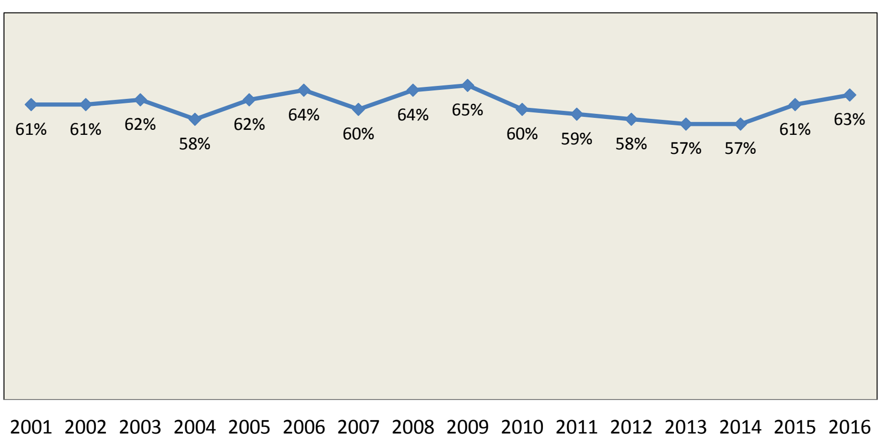


Source: Employee Benefit Research Institute and Greenwald & Associates, 1994-2016 Retirement Confidence Surveys.

Moreover, not all workers who have saved for retirement are currently saving for this purpose. Sixty-three percent of workers in the 2016 RCS report that they and/or their spouse are currently saving for retirement (up from 57 percent in 2013–2014, but still below the 65 percent measured in 2009) (Figure 17). Worker households with a retirement plan, such as a DC plan, DB plan, or IRA, are more likely than those without such plans to report having saved for retirement (88 percent vs. 21 percent).

Figure 17
Workers Reporting They Are *Currently* Saving for Retirement

Are you (and/or your spouse) currently saving for retirement? (2016 Workers n=1,000, percent yes)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2001-2016 Retirement Confidence Surveys.

A sizable percentage of workers say they have no or very little money in savings and investments. Among RCS workers providing this type of information, 54 percent report that the total value of their household's savings and investments, excluding the value of their primary home and any DB plans, is less than $25,000. This includes 26 percent who say they have less than $1,000 in savings. Approximately 1 in 10 each report totals of $25,000–$49,999 (10 percent), $50,000–$99,999 (10 percent), $100,000–$249,999 (13 percent), and $250,000 or more (14 percent) (Figure 18). Retirees provide similar estimates of total household savings (Figure 19).[3]

Figure 18
Workers' Current Level of Savings and Investments

In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence or defined benefit plan assets? (2016 Workers n=1,000)

	2004	2011	2012	2013	2014	2015	2016	2016 Have Plan*	2016 No Plan
Less than $1,000		29%	30%	28%	36%	28%	26%	9%	67%
$1,000 - $9,999	54%	17	18	18	16	17	16	15	16
$10,000 - $24,999		10	12	11	8	12	12	16	4
$25,000 - $49,999	14	11	10	9	9	9	10	13	4
$50,000 - $99,999	11	9	10	10	9	10	10	13	3
$100,000 - $249,999	13	14	11	12	11	10	12	17	1
$250,000 or more	9	10	10	12	11	14	14	18	4

Have Retirement Plan defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan

Source: Employee Benefit Research Institute and Greenwald & Associates, 2004-2016 Retirement Confidence Surveys.

Figure 19
Retirees' Current Level of Savings and Investments

In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence or defined benefit plan assets? (2016 Retirees n=505)

	2004	2011	2012	2013	2014	2015	2016	2016 Have Plan*	2016 No Plan
Less than $1,000		28%	28%	31%	29%	35%	27%	5%	55%
$1,000 - $9,999	49%	14	19	16	17	11	15	13	19
$10,000 - $24,999		12	8	8	12	7	13	12	14
$25,000 - $49,999	13	6	9	9	8	8	7	8	4
$50,000 - $99,999	7	11	8	9	7	10	9	13	4
$100,000 - $249,999	17	12	12	10	11	10	10	19	1
$250,000 or more	15	17	15	17	17	19	19	30	4

Have Retirement Plan defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan

Source: Employee Benefit Research Institute and Greenwald & Associates, 2004-2016 Retirement Confidence Surveys.

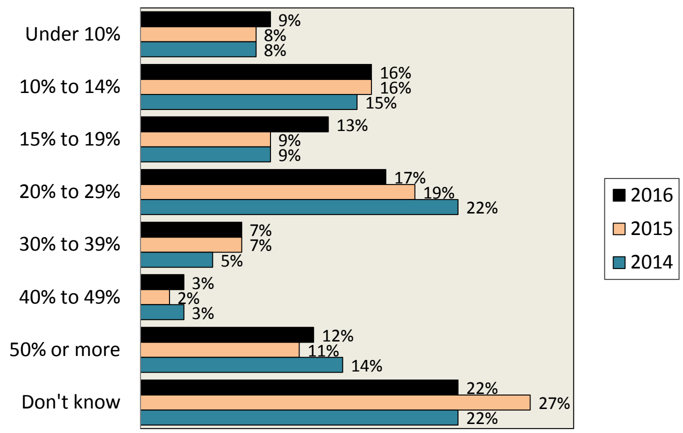
Not surprisingly, the reported amounts saved are significantly different between those who indicate they and their spouse have a retirement plan (DC, DB, or IRA) and those who do not. Two-thirds (67 percent) of workers who indicate they do not have a retirement plan say their assets total less than $1,000, compared with only 9 percent of workers who have a plan. Correspondingly, workers without a retirement plan are far less likely than those with a plan to report assets of $100,000 or more (5 percent vs. 34 percent). The same differences in asset holdings among retirees having and not having a retirement plan were also found.

Older workers also tend to report higher amounts of assets. Seventy-five percent of workers ages 25–34 say they have total savings and investments of less than $25,000, compared with 33 percent of workers ages 55 or older. At the same time, 30 percent of workers ages 55 or older cite assets of $250,000 or more (vs. 2 percent of workers ages 25–34).

Many workers acknowledge their savings shortfalls for retirement, stating they need to save a sizable, perhaps unmanageable, share of their total household income in order to live comfortably in retirement. While just over one-third (38 percent) think they need to save less than 20 percent of their income, 17 percent say they need to save between 20 and 29 percent of their income and another 22 percent indicate they need to save 30 percent or more. However, just less than one-quarter (22 percent) say they do not know how much they should be saving (Figure 20).

Figure 20
Worker Estimates of Needed Annual Savings Rates

About what percentage of your total household income do you think you (and your spouse) need to save each year from now until you expect to retire so you can live comfortably throughout your retirement? (2016 Workers n=1,000)



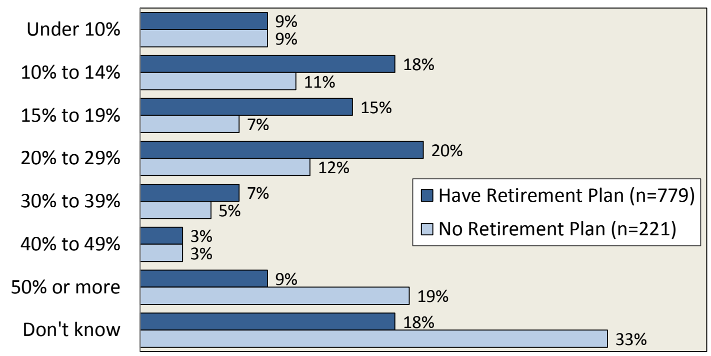
Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2014-2016 Retirement Confidence Survey

Workers with a member of the household having a retirement plan (DC, DB, or IRA) is associated with a lower likelihood than those not having a plan to think they need to save at least 50 percent of their income (9 percent vs. 19 percent). Also, those having a retirement plan are less likely to not know how much they need to save (18 percent vs. 33 percent) (Figure 21).

Figure 21
Workers' Estimates of Needed Annual Savings Rates by Plan vs. No Plan

About what percentage of your total household income do you think you (and your spouse) need to save each year from now until you expect to retire so you can live comfortably throughout your retirement? (2016 Workers)

Percentage of Income Needing to be Saved, by Household Participation in Retirement Plan



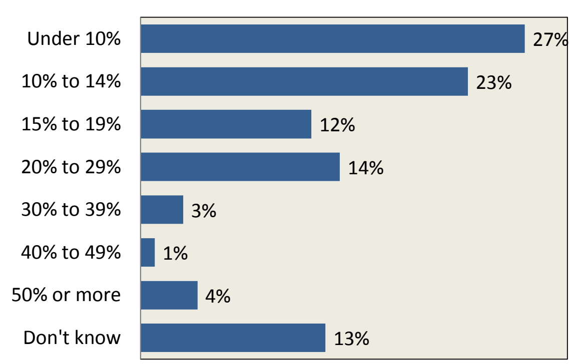
Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2016 Retirement Confidence Survey

While many workers recognize they need to save sizable amounts to live comfortably in retirement, lower percentages of workers say they are currently saving these high amounts. For example, 52 percent say their needed savings is more than 15 percent of their incomes, compared with 50 percent of those currently saving who say they are currently saving less than 15 percent (Figure 22).

Figure 22
Percentage of Workers' Income Saved Last Year for Retirement

About what percentage of your total household income did you (and your spouse) save last year in retirement? (2016 Workers currently saving for retirement n=702)

Percentage of Income Saved Last Year for Retirement

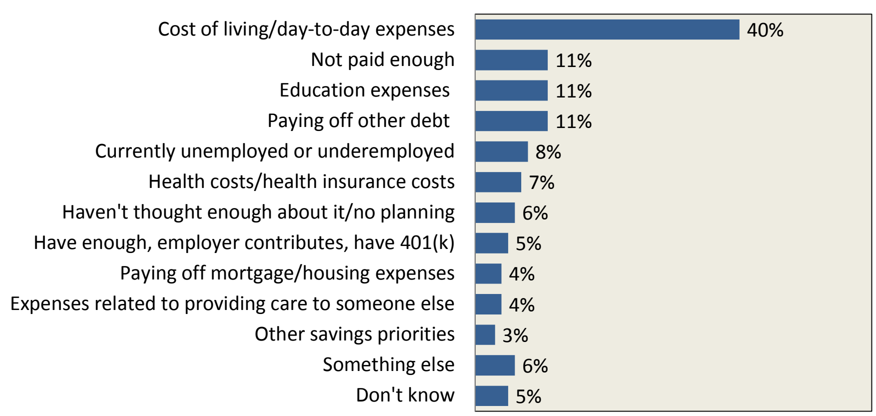


Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2016 Retirement Confidence Survey

Among workers who say they are saving less than what they think they need to save, 40 percent mention the reason for saving less than their needed amount as the cost of living/day-to-day expenses. Eleven percent not being paid enough, 11 percent education expenses, and 11 percent paying off other debt were other top mentions for reasons for not saving what they think they need to save (Figure 23). Twenty percent of these workers say they will need to save more later and 18 percent say they will have less to live on in retirement as a result of currently saving less than what they need for retirement. Furthermore, 15 percent say they will need to work in retirement, 14 percent will need to retire later, and 13 percent don't know what the impact will be (Figure 24).

Figure 23
Workers' Reasons for Saving Less Than Needed

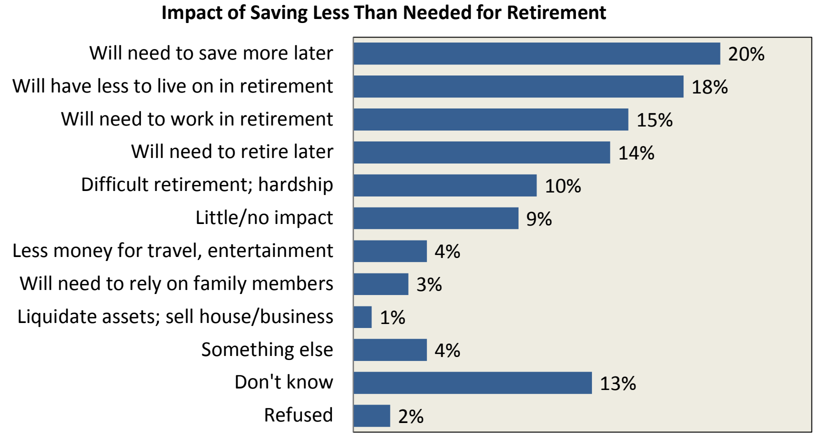
Why are you currently saving less than you think you need to save for retirement? (2016 Workers currently saving less than needed for retirement n=327) (multiple responses accepted)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

Figure 24
Impact of Saving Less Than Needed for Retirement

What do you think the impact will be of currently saving less than you need for retirement? (2016 Workers currently saving less than needed for retirement n=327)



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2016 Retirement Confidence Survey

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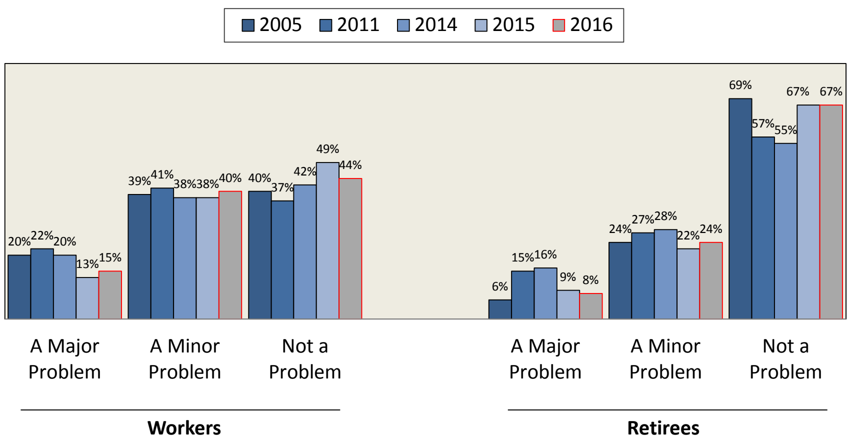
Debt

Americans are less likely now than in the early years of this decade to describe their debt as a problem. Fifteen percent of workers (down from 22 percent in 2011) and 8 percent of retirees (down from 15 percent in 2011) report their level of debt is a major problem. An additional 40 percent of workers and 24 percent of retirees describe it as a minor problem. Forty-four percent of workers say debt is not a problem for them, an increase from the 37 percent measured in 2011. Two-thirds (67 percent) of retirees surveyed report they do not have a problem with debt, up sharply from the 55 percent who said the same in 2014, but still below the 69 percent in 2005 (Figure 25).

Figure 25
Workers' Perception of Current Financial Situation

Thinking about your current financial situation, how would you describe your level of debt? (2016 Workers n=1,000; Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2005-2016 Retirement Confidence Surveys.

Retirement Plans

One of the primary vehicles that workers use to save for retirement is an employer-sponsored retirement savings plan, such as a 401(k) plan. Indeed, 78 percent of employed workers (53 percent of all workers in the RCS) report they are offered such a plan by their current employer, and more than 8 in 10 (85 percent) of eligible employees (45 percent of all workers) say they contribute money to their employer's plan.

Figure 26
Workers' Savings and Investments

In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence or defined benefit plan assets? (2016 Workers n=1,000)

	2004	2011	2012	2013	2014	2015	2016	2016 Have Plan*	2016 No Plan
Less than $1,000		29%	30%	28%	36%	28%	26%	9%	67%
$1,000 - $9,999	54%	17	18	18	16	17	16	15	16
$10,000 - $24,999		10	12	11	8	12	12	16	4
$25,000 - $49,999	14	11	10	9	9	9	10	13	4
$50,000 - $99,999	11	9	10	10	9	10	10	13	3
$100,000 - $249,999	13	14	11	12	11	10	12	17	1
$250,000 or more	9	10	10	12	11	14	14	18	4

**Have Retirement Plan* defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan
Source: Employee Benefit Research Institute and Greenwald & Associates, 2004-2016 Retirement Confidence Surveys.

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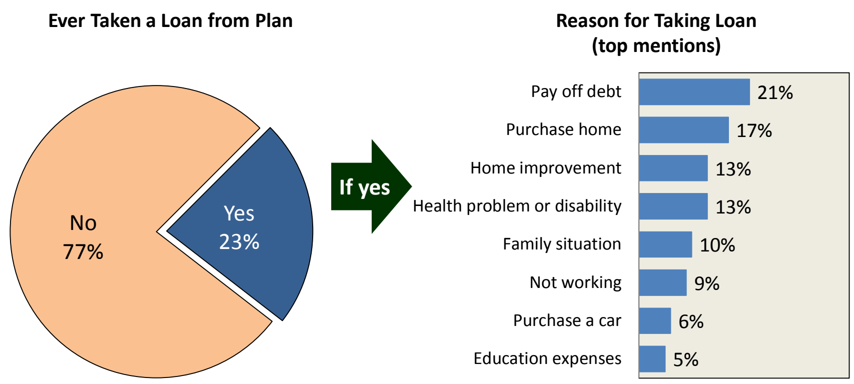
Workers with a retirement plan (DC, DB, or IRA) have significantly more in savings and investments than do those without a plan (Figure 26). Furthermore, on a household level these workers tend to have retirement savings in multiple vehicles. Approximately two-thirds (66 percent) of those with money in an employer plan also report they or their spouse have money invested in an IRA (which may have originated as a rollover from an employment-based plan). Moreover, the majority (90 percent) of workers with a DB plan through their current or previous employer also have money in an employer retirement savings plan.

Once workers are in retirement savings plans they face numerous decisions affecting the amounts saved by the time they are ready to retire. One is the decision to take a loan from their plan. Nearly one quarter (23 percent) of these workers currently contributing to their retirement savings plan reported that they had ever taken a loan from their current plan (Figure 27). The top reasons mentioned for taking this loan include paying off debt (21 percent), purchasing a home (17 percent), undertaking a home improvement (13 percent), and having a health problem or disability (13 percent).

Figure 27
Workers Who Have Taken a Loan from Their Retirement Savings Plan

Have you ever taken a loan from your current retirement savings plan? (2016 Workers currently contributing to retirement savings plan n=497); Why did you take the loan? (2016 Workers if taken a loan n=100)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

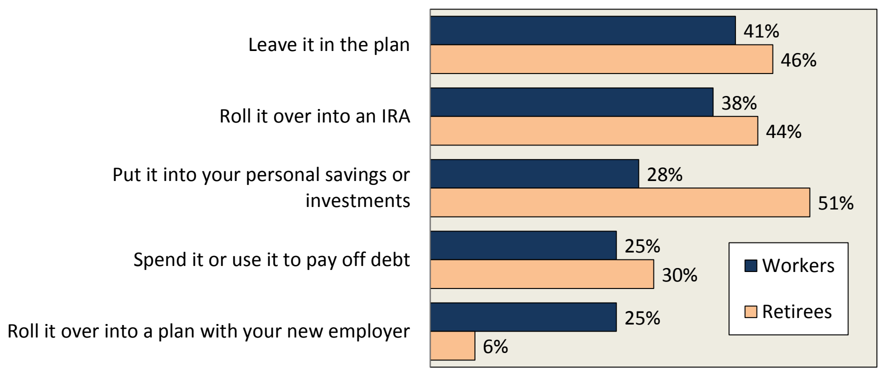
Another decision is what to do with the assets in a retirement savings plan when the individual leaves an employer. Forty-seven percent of workers and 54 percent of retirees stated that they had participated in a retirement savings plan from a previous employer. Only one-quarter (25 percent) of workers and 30 percent of retirees reported that they spent it or used it to pay off debt. Retirees most often cite putting the money into their personal savings and investments (51 percent), leaving it in the plan (46 percent), and rolling it over to an IRA (44 percent). Workers mention leaving it in the plan (41 percent) and rolling it over to an IRA (38 percent) the most often (Figure 28). Nearly 70 percent of workers (69 percent) and retirees (68 percent) who rolled over their assets from their previous employers' retirement savings plan to an IRA moved the money to a different company from that of the provider of the retirement savings plan.

When the money is rolled into an IRA, the individual must make investment decisions for the assets now in the IRA. Fifty-one percent of workers and 38 percent of retirees place their investments in the same type of investment in the IRA as they had them in the retirement savings plan. Retirees are more likely than workers to move the money to investments with less risk (39 percent vs. 23 percent), and workers are more likely to move money to investments with more risk (21 percent vs. 10 percent). Twelve percent of retirees report they did not know what investments were relative to that when the money was in the retirement savings plan (Figure 29).

Figure 28
What Workers and Retirees Do With Money from Previous Employers' Plan

When you left that employer, what did you do with some or all of the money in the plan? Did you..?
(2016 Participating in previous employers' retirement savings plan: Workers n=520, Retirees n=294)

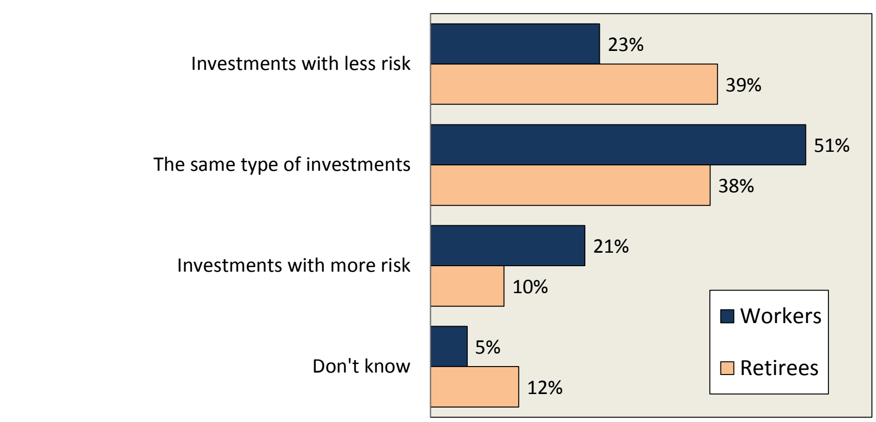
Percentage Saying Yes



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

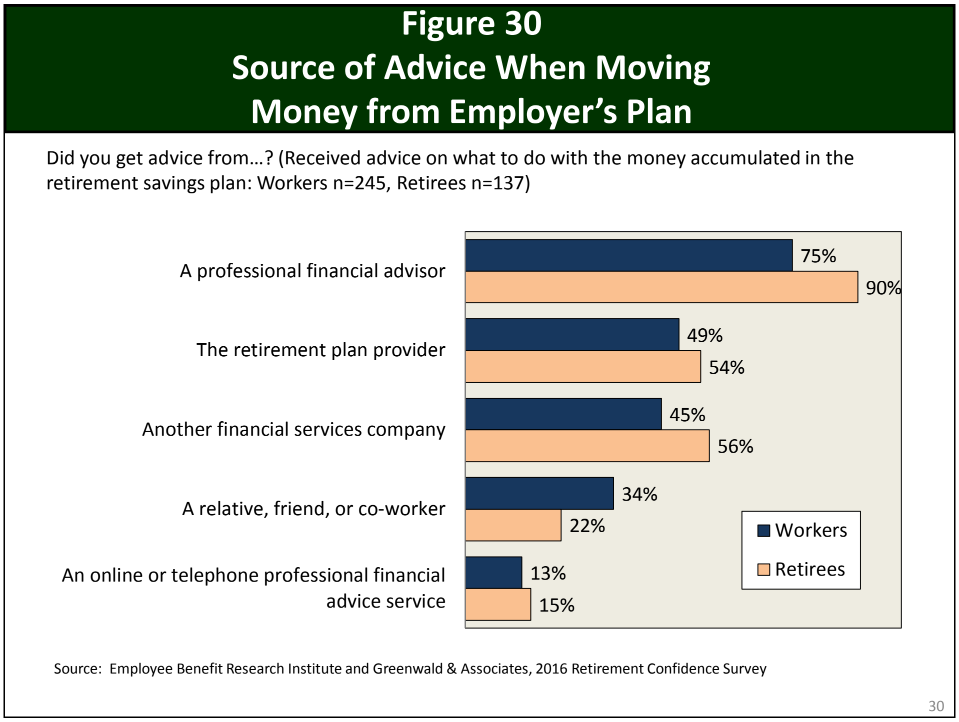
Figure 29
Workers' and Retirees' Investment Selections With Money Moved into an IRA

Compared with how your money was invested in your employers' plan, when you moved the money into the IRA did you choose…? (2016 If rolled over into IRA: Workers n=208, Retirees n=135)



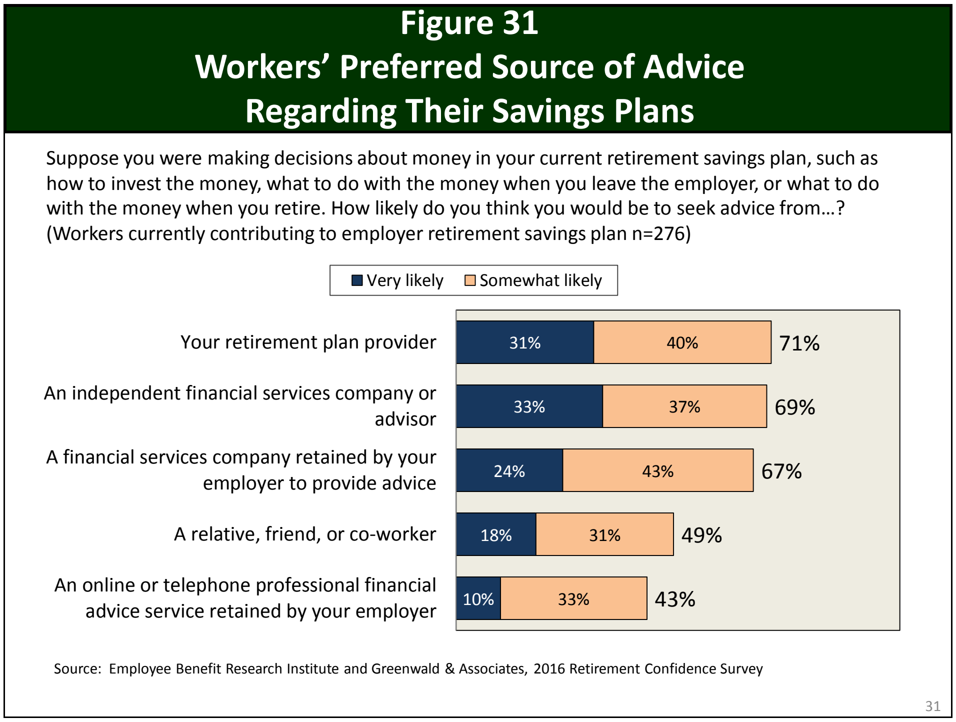
Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

Forty-four percent of workers and 45 percent of retirees who participated in a retirement savings plan from a previous employer say they got advice on what to do with the money accumulated in that retirement savings plan. This advice on what to do with the accumulated money was obtained from various sources, with a professional advisor being the most common source (75 percent for workers and 90 percent for retirees), followed by the retirement plan provider (49 percent for workers and 54 percent for retirees) and another financial services company (45 percent for workers and 56 percent for retirees) (Figure 30).



Financial Advice

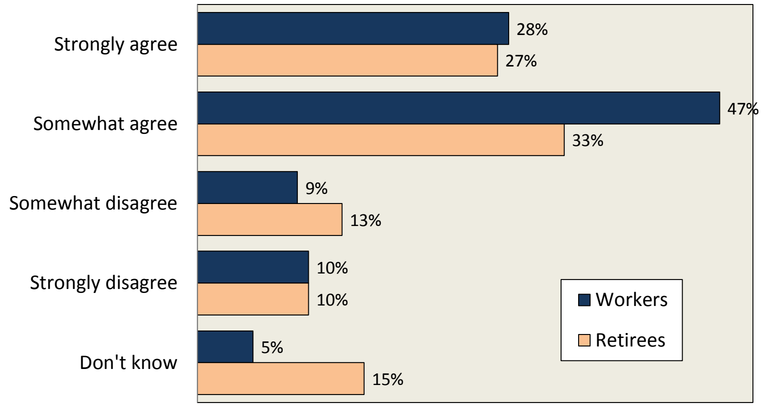
Workers who are currently contributing to employer retirement savings plan have various options to obtain financial advice on decisions about money in their current retirement plan. When these retirement savings plan participants are asked about the likelihood of seeking advice from some of these options, nearly 7 in 10 say that they are very likely or somewhat likely to seek advice from their retirement plan provider (71 percent), an independent financial services company or advisor (69 percent), and a financial services company retained by their employer to provide advice (67 percent). The likelihood of seeking advice from an online or telephone professional financial advice service retained by their employer was significantly lower (43 percent) (Figure 31).



One issue surrounding obtaining financial advice is whether the advice will be in the recipient's best interest. Workers are more likely than retirees to agree that the advice they receive from a professional financial advisor is in their best interest (75 percent vs. 60 percent). Retirees are much more likely to say they don't know (Figure 32).

Figure 32
Workers' and Retirees' Perception of Whether Professional Financial Advisor is Providing Advice in Their Best Interest

To what extent do you agree or disagree that the advice you receive from a professional financial advisor is in your best interest? (Workers n=1,000; Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

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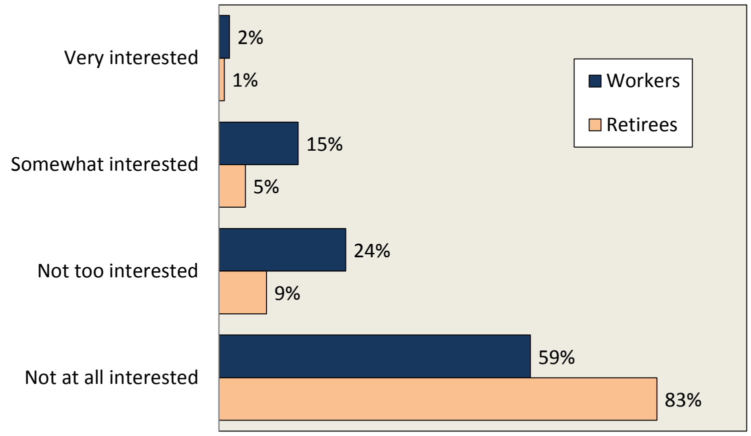
Online advice providers are receiving more attention, but only 2 percent of workers and 1 percent of retirees say that they are very interested in obtaining financial advice in this manner. Thirty-nine percent of workers say that they are either somewhat interested or not too interested in obtaining online advice. Of retirees, 83 percent are not at all interested in obtaining online advice (Figure 33).

Figure 33
Workers' and Retirees' Interest in Using Online Provider for Investment Education/Advice

How interested would you say you are in obtaining financial advice from an online advice provider? (2016 Workers n=1,000, Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates,2016 Retirement Confidence Survey

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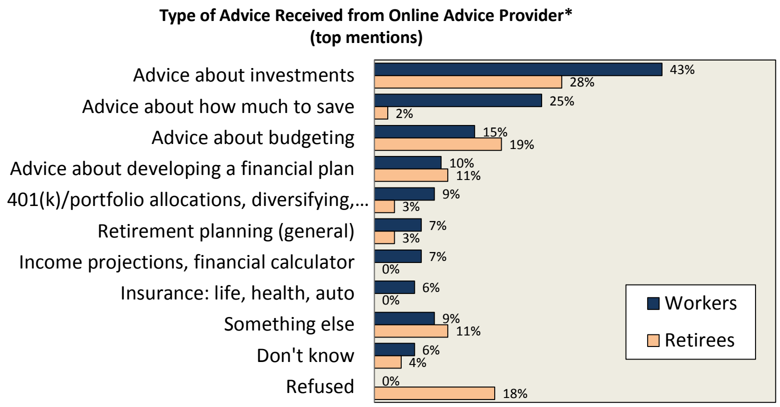
Very few workers and retirees have ever obtained financial advice from an online advice provider (6 percent of workers and 4 percent of retirees). Of those who have obtained this type of advice, 43 percent of workers and 28 percent of retirees received advice about investments. Twenty-five percent of workers received advice about how much to save for retirement, and 15 percent of workers and 19 percent of retirees received advice about budgeting (Figure 34). Sixty-eight percent of workers and 60 percent of retirees say that the advice was either very or somewhat helpful. However, 27 percent of retirees say that it was not at all helpful.[4]

Figure 34
The Reasons for Obtaining Advice from an Online Provider

Have you ever obtained financial advice from an online advice provider? (Workers n=1,000; Retirees n=505); What type of advice did you receive from the online advice provider? (Obtained financial advice from online advice provider: Workers n=65; Retirees n=24)



*Caution: small sample size
Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

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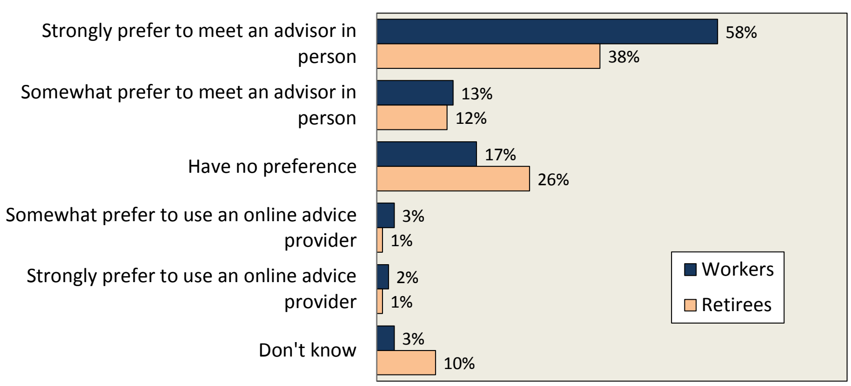
Figure 35
Workers and Retirees Would Prefer to Meet an Advisor in Person Rather Than Online

Suppose you were able to get financial advice at equal cost from an advisor you meet with in person and an online advice provider? Would you...? (Workers n=1,000; Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

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If one is able to get financial advice at equal cost from an advisor one meets with in person and an online advice provider, 58 percent of workers and 38 percent of retirees say that they strongly prefer to meet an advisor in person. Another 1 in 10 say they somewhat prefer to meet an advisor in person. Only 5 percent of workers and 2 percent of retirees prefer to use an online advice provider (Figure 35).

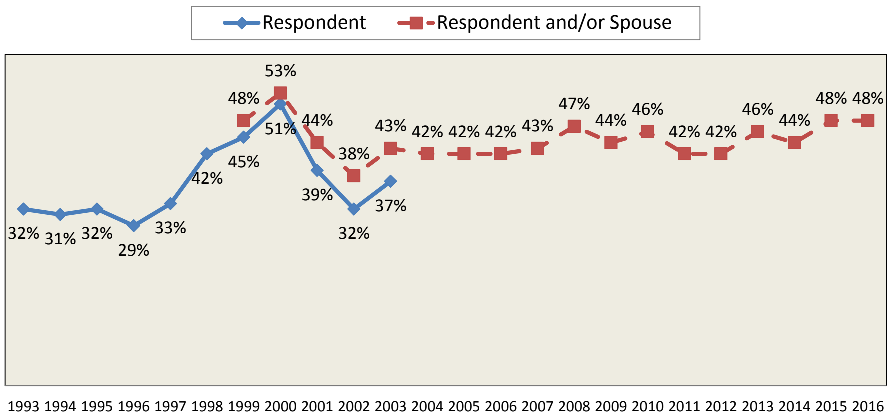
Target Setting

Many workers continue to be unaware of how much they need to save for retirement. Less than half (48 percent) of workers report they and/or their spouse have ever tried to calculate how much money they will need to have saved so that they can live comfortably in retirement. The 48 percent that report trying to do a retirement-savings-needs calculation in

2016 is equivalent to the 2015 percentage and statistically comparable to the percentages reported from 2008–2014 (Figure 36).

Figure 36
Percentage of Workers Calculating Retirement Needs

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? (2016 Workers n=1,000, percent yes)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

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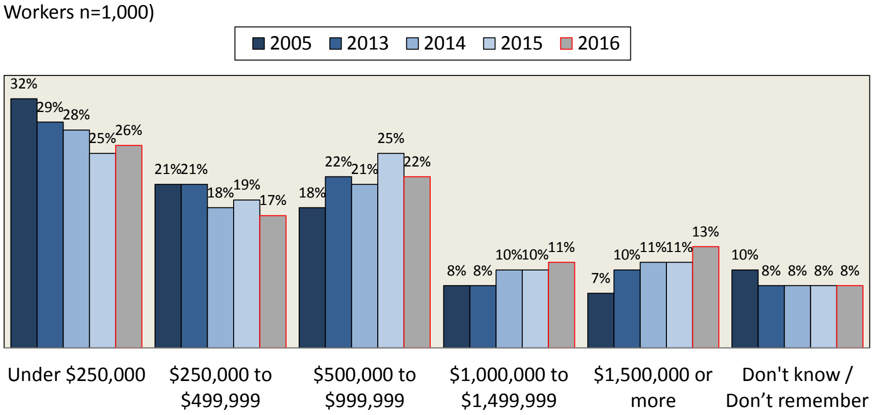
The likelihood of trying to do a retirement savings needs calculation increases with household income, education, and financial assets. Workers reporting they or their spouse participate in a DC plan are significantly more likely than those who do not participate in such a plan to have tried a calculation (58 percent vs. 34 percent). In addition, married workers (compared with unmarried workers) and retirement savers (compared with nonsavers) more often report trying to do a calculation.

The methods of obtaining estimates of retirement savings needs found in the 2015 RCS are quite varied.[5] Workers often guess at how much they will need to accumulate (39 percent), rather than doing a systematic retirement needs calculation. Twenty-six percent indicate they did their own estimate and 22 percent say they asked a financial adviser. Other methods of obtaining this estimate include using an online calculator (10 percent), reading or hearing how much is needed (10 percent), asking someone other than a financial adviser (6 percent), and filling out a work sheet or form (6 percent).

Considering the aggressive savings target percentages acknowledged earlier, it is not surprising that most workers (64 percent) say they need $250,000 or more saved to retire comfortably (Figure 37). Similar to prior years, workers who have done a retirement savings needs calculation tend to report higher savings goals than do workers who have not done the calculation. In 2016, 31 percent of workers who have done a calculation, compared with 18 percent of those who have not, estimate they need to accumulate at least $1 million for retirement. At the other extreme, 21 percent of those who have done a calculation, compared with 31 percent who have not, say they think they need to save less than $250,000 for retirement. Savings goals tend to increase with household income. In particular, those with household incomes of at least $75,000 are almost three times as likely as those with lower incomes to report they need to accumulate at least $1 million for retirement (38 percent vs. 14 percent). Also consistent with prior years, despite higher savings goals, workers who have done a retirement savings needs calculation are more likely than those who have not done the calculation to say they feel very confident about affording a comfortable retirement (30 percent vs. 13 percent).

Figure 37
Amount Workers Say They Will Need to Accumulate by the Time They Retire

How much do you think you (and your spouse) will need to accumulate in total by the time you retire so that you can live comfortably in retirement?/ How much did you (or your spouse) calculate you would need in total by the time your retire so that you can live comfortably in retirement? (2016 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2005, 2013-2016 Retirement Confidence Surveys.

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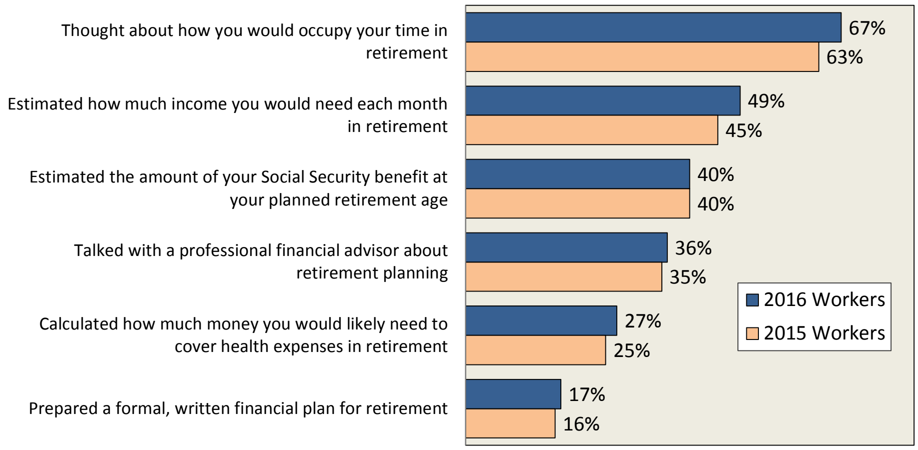
In addition to estimating their retirement savings needs, some workers and retirees report they have taken other steps to prepare for retirement. These include thinking about how they would occupy their time in retirement (67 percent of workers and 59 percent of retirees), estimating how much income they would need each month in retirement (49 percent of both workers and retirees), and estimating the amount of their Social Security benefit at their (planned) retirement age (40 percent of workers and 59 percent of retirees). Fewer say they have talked with a professional financial advisor about retirement planning (36 percent of workers and 34 percent of retirees), calculated how much they would likely need for retirement health expenses (27 percent of workers and 37 percent of retirees), and prepared a formal, written financial plan for retirement (17 percent of workers and 24 percent of retirees) (Figures 38 and 39).

Figure 38
Percentage of Workers Who Have Taken Retirement Planning Steps

Have you (or your spouse)…? (2016 Workers n=1,000, percent yes)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2015-2016 Retirement Confidence Survey

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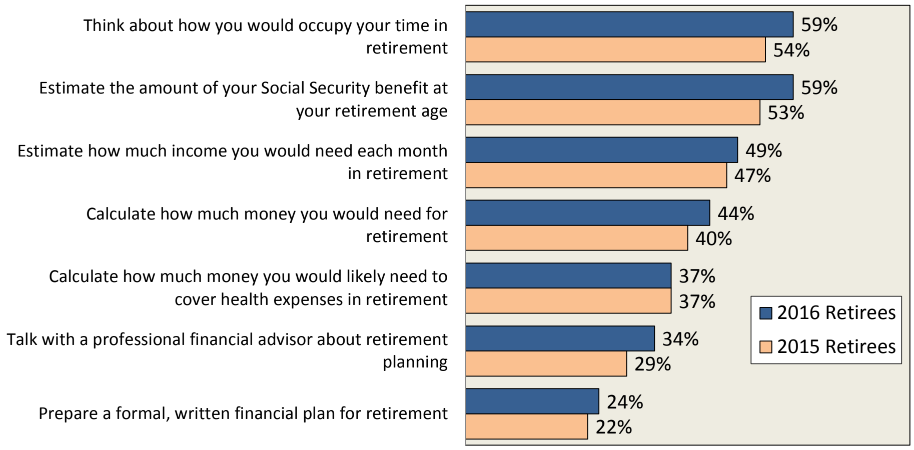
Figure 39
Percentage of Retirees Who Have Taken Retirement Planning Steps

To prepare for retirement, did you (or your spouse)…? (2016 Retirees n=505, percent yes)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2015-2016 Retirement Confidence Survey

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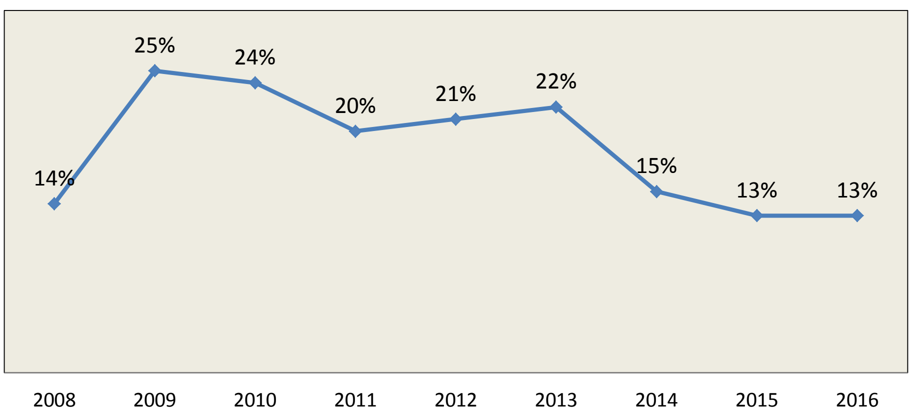
Expectations About Retirement

Retirement Age

Some workers are adjusting some of their expectations about when to retire, perhaps in recognition of the fact that their financial preparations for retirement may be inadequate. In 2016, 17 percent of workers say the age at which they expect to retire has changed in the past year, and of those, the large majority (77 percent) report their expected retirement age has increased. However, increasing retirement confidence may be dampening the perceived need to postpone retirement, as the overall percentage of workers who say they are postponing retirement has decreased from 22 percent in 2013 to 13 percent in 2016 (Figure 40).

Figure 40
Percentage of Workers Delaying their Expected Retirement Age

Do you now expect to retire later, at an older age than before? (2016 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2008-2016 Retirement Confidence Surveys.

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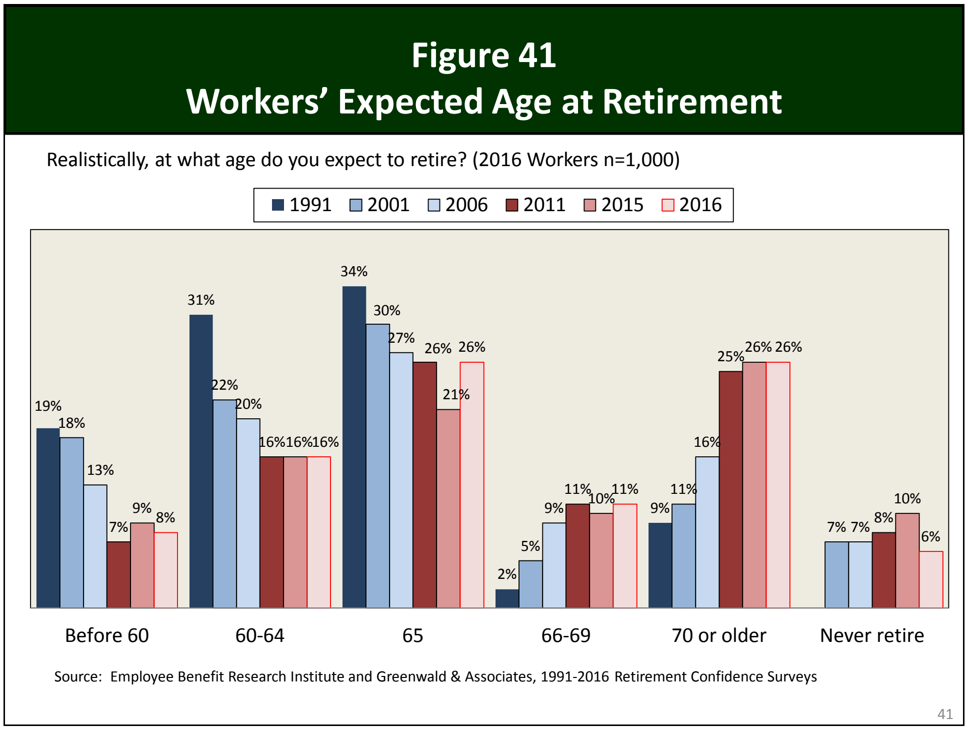
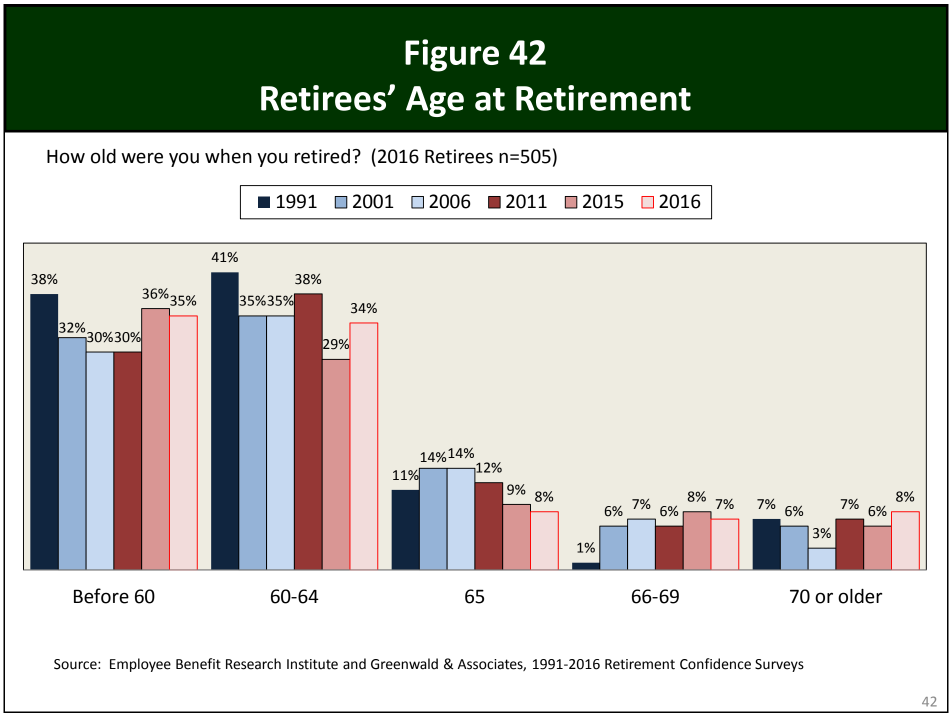
While responses to a question asking the age at which workers expect to retire shows little change from one year to another, the long-term trend shows that the age at which workers plan to retire has crept upward over time. In particular, the percentage of workers who say they expect to retire after age 65 has increased, from 11 percent in 1991, to 16 percent in 2001, 25 percent in 2006, 36 percent in 2011, and 37 percent in 2016 (Figure 41). Additionally, 6 percent of workers in 2016 say they never plan to retire. Nevertheless, the median (midpoint) age at which workers say they expect to retire has remained stable at 65 for most of this time.



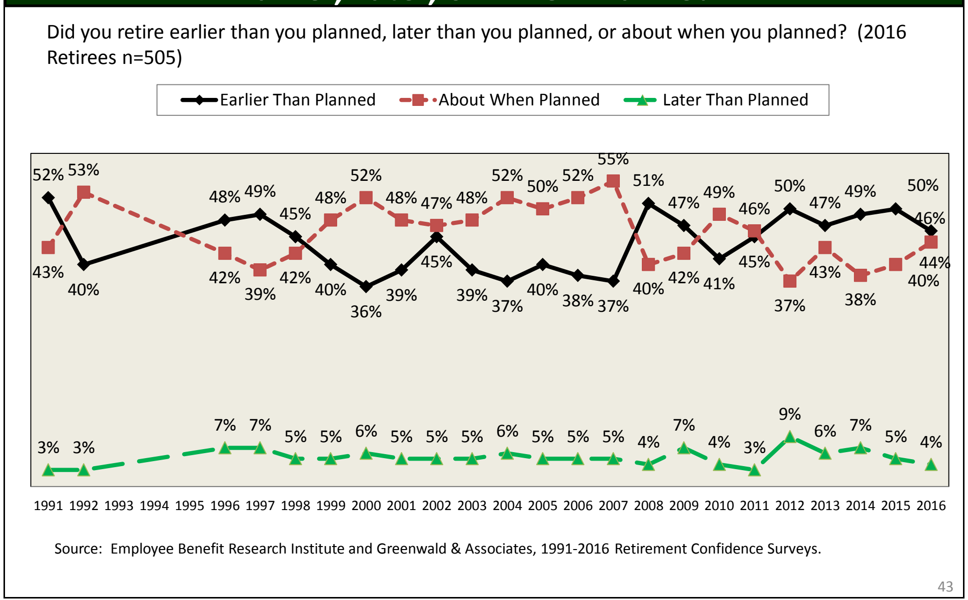
The actual retirement age reported by retirees has changed even more slowly. In 1991, only 8 percent of retirees said they retired after age 65. This percentage is 15 percent in 2016 (statistically equivalent to the 14 percent measured in 2015) (Figure 42). The median (midpoint) age at which retirees report they retired has remained at age 62 throughout this time.



This difference between workers' expected retirement age and retirees' actual age of retirement suggests that a considerable gap exists between workers' expectations and retirees' experience. Just 8 percent of workers say they plan to retire before age 60, compared with 36 percent of retirees who report they retired that early. Sixteen percent of workers say they plan to retire between the ages of 60–64, although 34 percent of retirees say they retired in that age range. On the other hand, 26 percent of workers say they plan to wait (compared with 8 percent of retirees who say they actually waited) at least until age 70 to retire and 6 percent of workers indicate they will never retire. As one might expect, workers who are not confident about their financial security in retirement say they plan to retire later, on average, than those who express confidence.

One reason for the gap between workers' expectations and retirees' experience is that many Americans find themselves retiring unexpectedly. The RCS has consistently found that a large percentage of retirees leave the workforce earlier than planned (46 percent in 2016) (Figure 43). Many retirees who retired earlier than planned cite hardships for leaving the workforce when they did, including health problems or disability (55 percent), changes at their company, such as downsizing or closure (24 percent), and having to care for a spouse or another family member (17 percent). Others say changes in the skills required for their job (12 percent) or other work-related reasons (21 percent) played a role. Of course, some retirees mention positive reasons for retiring early, such as being able to afford an earlier retirement (33 percent) or wanting to do something else (25 percent).

Figure 43
Retirees' Experience of Retiring Earlier, Later, or When Planned



The financial consequences of an unplanned early retirement can be heavy. Retirees who retire earlier than planned are more likely than those who retire when expected or later to say they are not confident about having enough money for a comfortable retirement or about paying for basic expenses, medical expenses, and long-term care expenses.

Working for Pay in Retirement

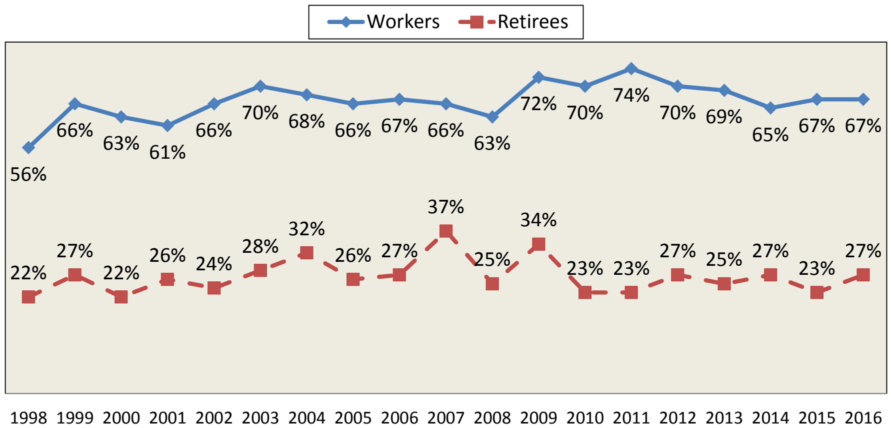
In another expectations gap, the RCS has consistently found that workers are far more likely to expect to work for pay in retirement than retirees are to have actually worked. The percentage of workers planning to work for pay in retirement now stands at 67 percent, compared with just 27 percent of retirees who report they have worked for pay in retirement (Figure 44).

Almost all retirees who say they worked for pay in retirement in the 2016 RCS gave a positive reason for doing so, saying they did so because they enjoyed working (80 percent) or wanted to stay active and involved (82 percent).

However, they say that financial reasons also played a role in that decision, such as wanting money to buy extras (57 percent), needing money to make ends meet (51 percent), a decrease in the value of their savings or investments (43 percent), or keeping health insurance or other benefits (32 percent).

Figure 44
Workers Are More Likely to Think They Will Work in Retirement Than Retirees Actually Did

Do you think you will do any work for pay after you retire?/Have you worked for pay since you retired?
(2016 Workers expecting to retire n=942; Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1998-2016 Retirement Confidence Surveys.

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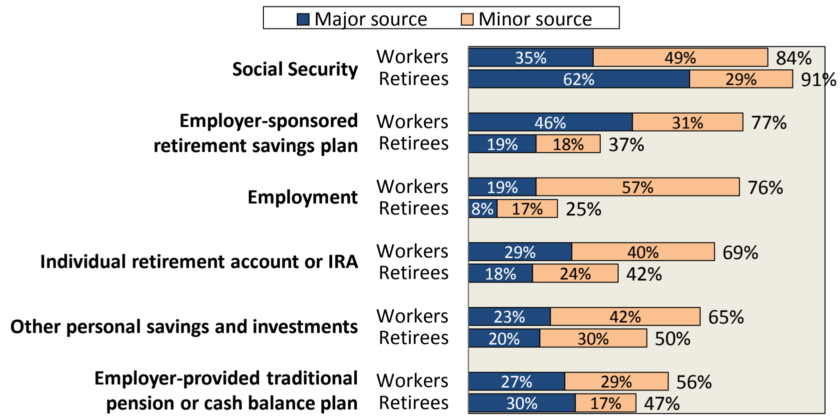
Sources of Retirement Income

While almost all of retirees (91 percent) report that Social Security provides either a major or minor source of income for them and their spouse (62 percent say it is a major source of income), workers and their spouses continue to expect to draw their retirement income from a wide variety of sources. (Social Security is the federal program that provides income replacement for the aged and disability coverage for eligible workers and their dependents.)

Eighty-four percent of current workers say they expect Social Security to be a major or minor source of income in retirement, but they say they believe that personal savings will also play a large role. At least two-thirds each say they anticipate receiving retirement income from an employer-sponsored retirement savings plan (77 percent), an IRA (69 percent), and other personal savings and investments (65 percent). Seventy-six percent say they expect employment to provide them with a source of income in retirement and 56 percent expect to receive income from an employer-sponsored traditional pension or cash balance plan. In contrast to workers, retirees are less likely to say they expect to rely on any form of personal savings or on employment for their income in retirement (Figure 45).

Figure 45
Expected (Workers Expecting to Retire) and Actual (Retirees) Sources of Income in Retirement

Do you expect the following will be/Is the following a major source of income, a minor source of income, or not a source of income in your (and your spouse's) retirement?



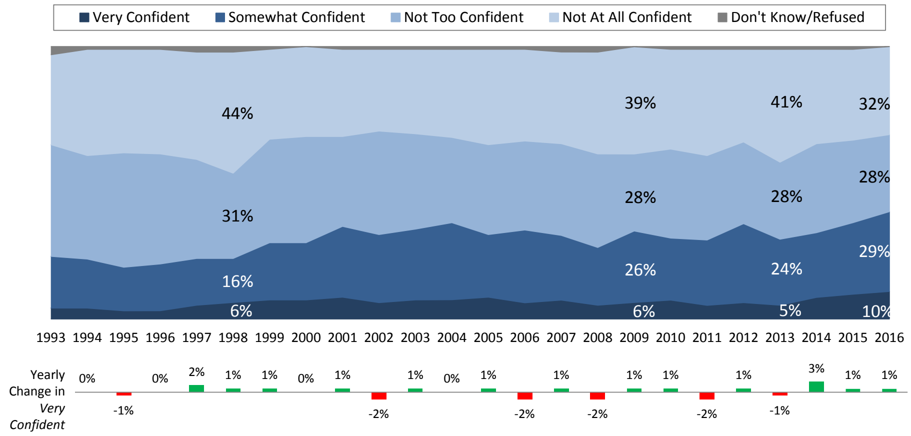
Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2016 Retirement Confidence Survey.

It should be noted that although 56 percent of workers say they expect to receive benefits from a DB plan in retirement, only 35 percent report that they and/or their spouse currently have such a benefit with a current or previous employer.

Confidence in Entitlement Programs

Figure 46
Worker Confidence in Future Social Security Benefits

How confident are you that the Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today? (2016 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

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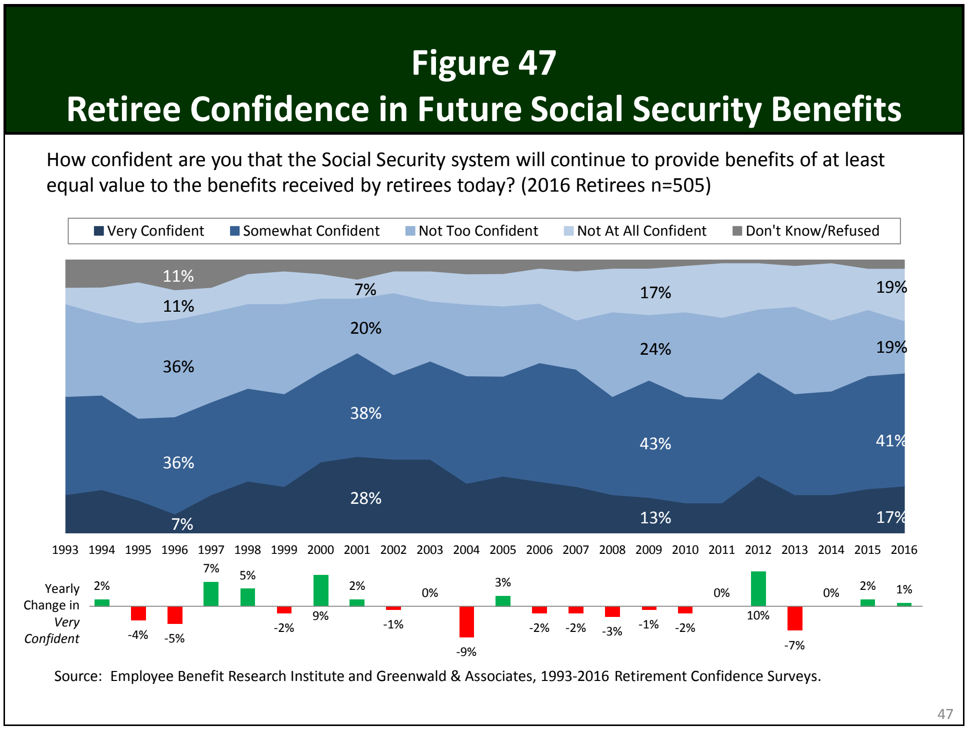
The reason workers may be less likely than retirees to expect to receive income from Social Security is because confidence in Social Security's ability to maintain the current value of benefits paid to retirees is low. Just 10 percent of workers say they are very confident that the Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today, and 29 percent are somewhat confident. One-third (32 percent) of workers are not at all confident that future Social Security benefits will match or exceed the value of today's benefits (Figure 46).

Confidence that Social Security will continue to provide benefits that are at least equal to today's value is higher among workers ages 55 or older than among younger workers, and retirees are more likely than workers overall of any age to be confident about the future value of Social Security benefits. Seventeen percent of retirees say they are very confident about the future value of Social Security benefits (Figure 47).



Worker confidence in Medicare's current level of benefits being maintained in the future is also low (Medicare is the federal health care insurance program for the elderly and disabled). Just 11 percent of workers say they are very confident that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today, while 33 percent say they are somewhat confident in the system. Twenty-six percent say they are not at all confident that Medicare's benefits will continue to equal or exceed the benefits received by beneficiaries today (Figure 48).

Worker confidence about the future value of Medicare benefits is higher among those ages 55 and older, and retirees are more likely than workers overall of any age group to be confident. Even so, just 15 percent of retirees say they are very confident in the value of the future benefits paid by Medicare, while 20 percent report they are not at all confident (Figure 49).

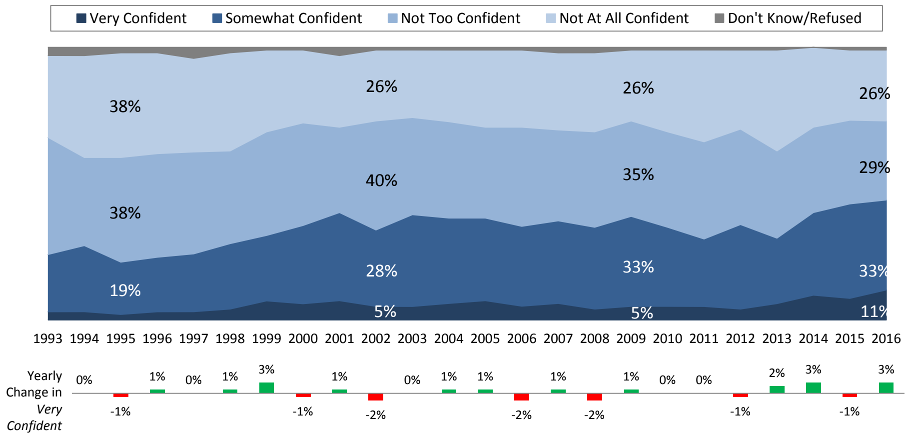
Given the increase in the Medicare premiums facing beneficiaries in 2016, the 2016 RCS asked retirees to what extent they think they will need to cut back on other expenses due to this premium increase. Eleven percent say they would need to cut back a great deal, 26 percent say cut back somewhat, 23 percent say cut back a little, and 32 percent say they would not need to cut back. Eight percent say they didn't know.

Longevity

Most workers and retirees expect to live at least until age 85, but only a minority thinks they are at least somewhat likely to reach age 95. Among workers, 37 percent say they are very likely to live to age 85 and 36 percent say they are somewhat likely to do so. Similarly, 38 percent of retirees under the age of 85 expect to live until that age, and another 33 percent think it somewhat likely they will do so. On the other hand, just 9 percent of workers and 13 percent of retirees feel they are very likely to live until age 95 and one-quarter say it is somewhat likely (27 percent of both workers and retirees). Nearly one-third each state it is not at all likely that they will reach age 95 (31 percent for workers and 29 percent for retirees) (Figure 50).

Figure 48
Worker Confidence in Future Medicare Benefits

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? (2016 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

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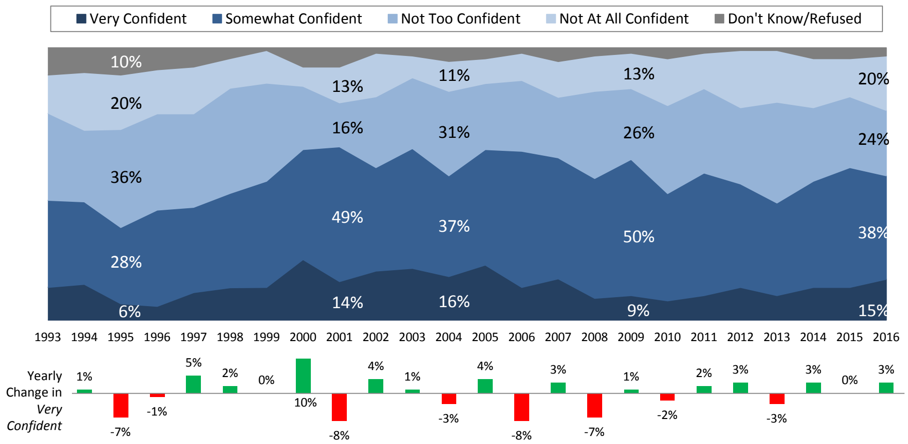
Figure 49
Retiree Confidence in Future Medicare Benefits

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? (2016 Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2016 Retirement Confidence Surveys.

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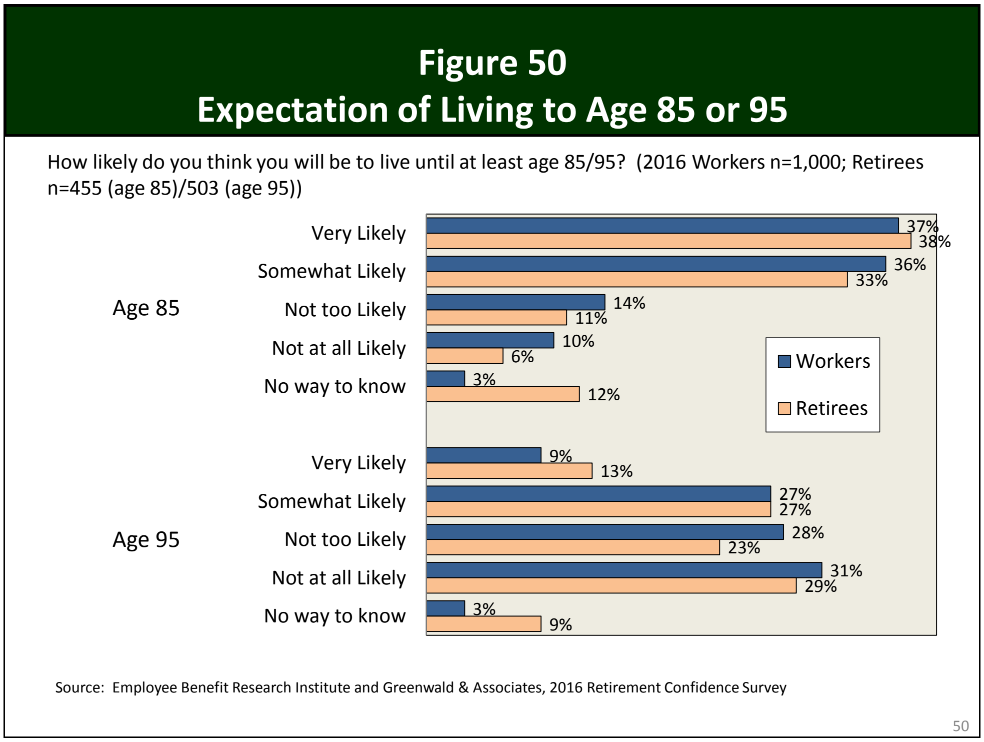
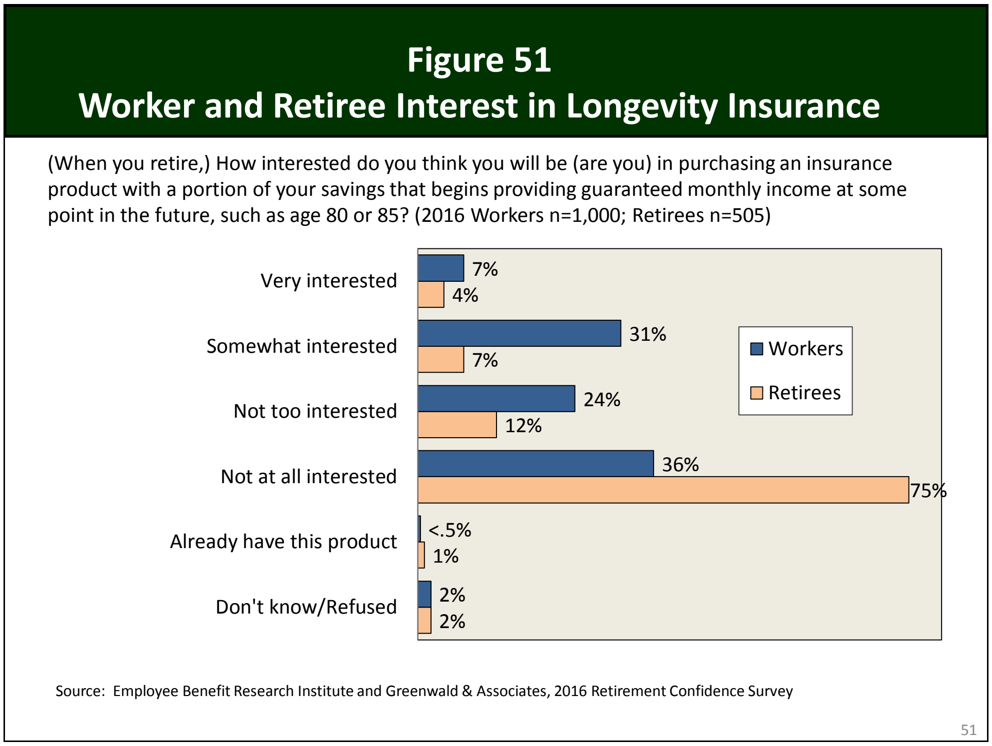
Workers express a moderate level of interest in purchasing an insurance product when they retire that begins providing guaranteed monthly income at some point in the future, such as age 80 or 85. Seven percent of workers indicate they are very interested and 31 percent report they are somewhat interested. However, interest among retirees is very low, with less than 1 in 10 saying they are very (4 percent) or somewhat (7 percent) interested in purchasing this type of product. Instead, 75 percent of retirees say they are not at all interested (Figure 51).

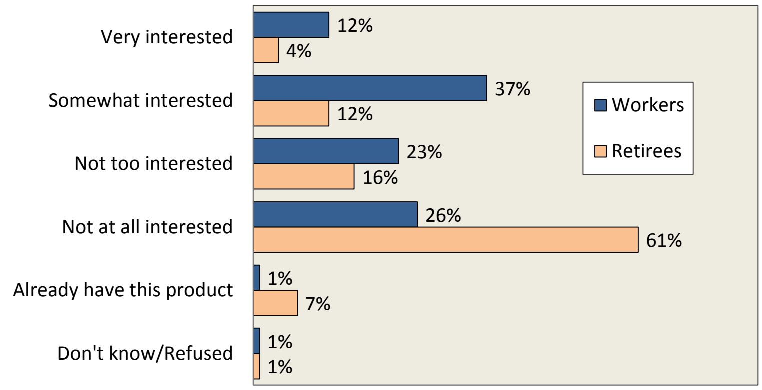




Interest among workers in purchasing an insurance product that would help finance the costs associated with long-term care, such as home health care and nursing home care, is again higher than that of retirees. Twelve percent of workers say they are very interested and 37 percent say they are somewhat interested in purchasing this product. In contrast, only 4 percent of retirees are very interested and 12 percent are somewhat interested. Sixty-one percent of retirees were not at all interested in purchasing this product (Figure 52).

Figure 52
Worker and Retiree Interest in Long-Term Care Insurance

How interested are you in purchasing an insurance product that would help finance the costs associated with long-term care, such home health care, nursing home care, and health care costs? Would you say you are…? (2016 Workers n=1,000; Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

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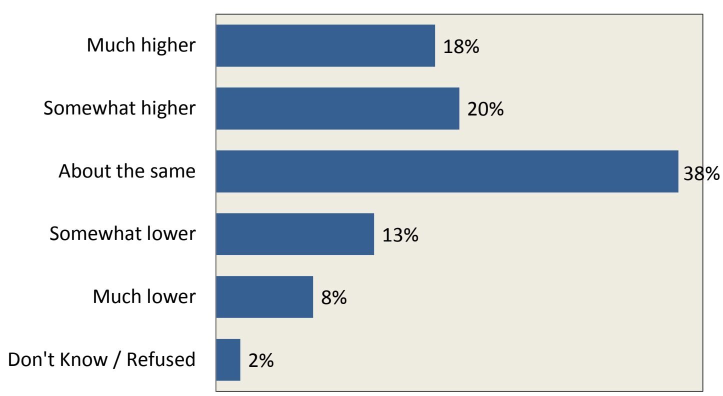
An important issue for those having saved for retirement, particularly for those who will have longer longevity, is how to convert the assets that have been accumulated into income in retirement. Workers who have saved for retirement were asked in this year's RCS that if they would work with a financial advisor, how important they think it will be for the advisor to specialize in converting assets into retirement income. Thirty-nine percent say it would be very important and 43 percent say somewhat important. Only 7 percent say it would not be at all important. Consequently, workers with assets accumulated do appear to be valuing this type of advice as they approach retirement.

Managing Finances in Retirement

Figure 53
Retirees' Actual Expenses in Retirement Compared With Their Expectations

Compared with what you expected when you first retired, would you say your *expenses* in retirement are higher, about the same, or lower than you expected them to be at this point in time? (2016 Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

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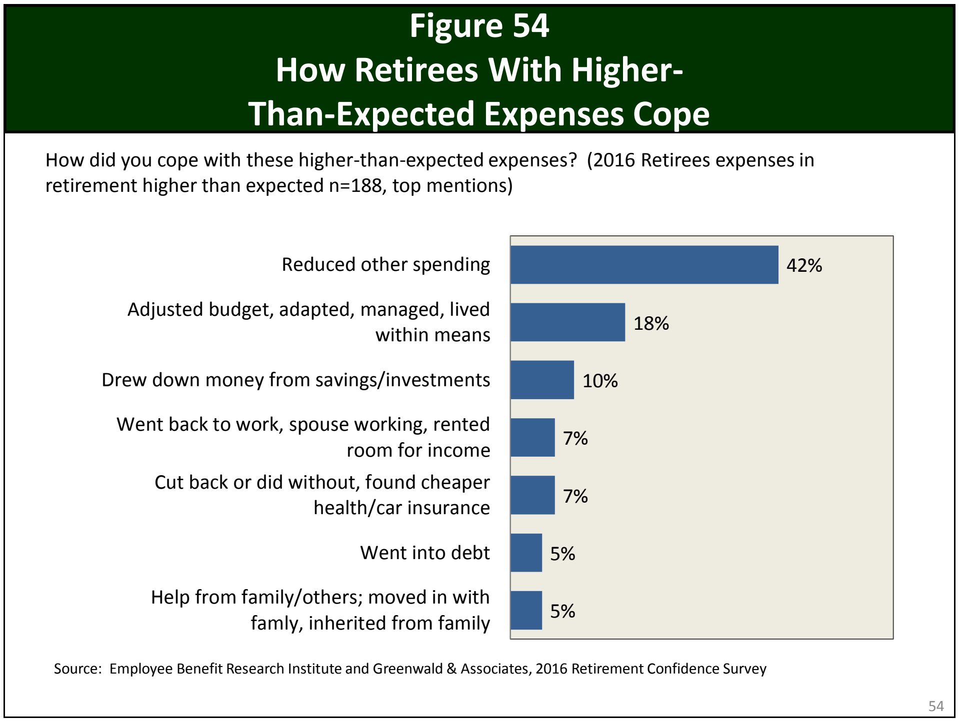
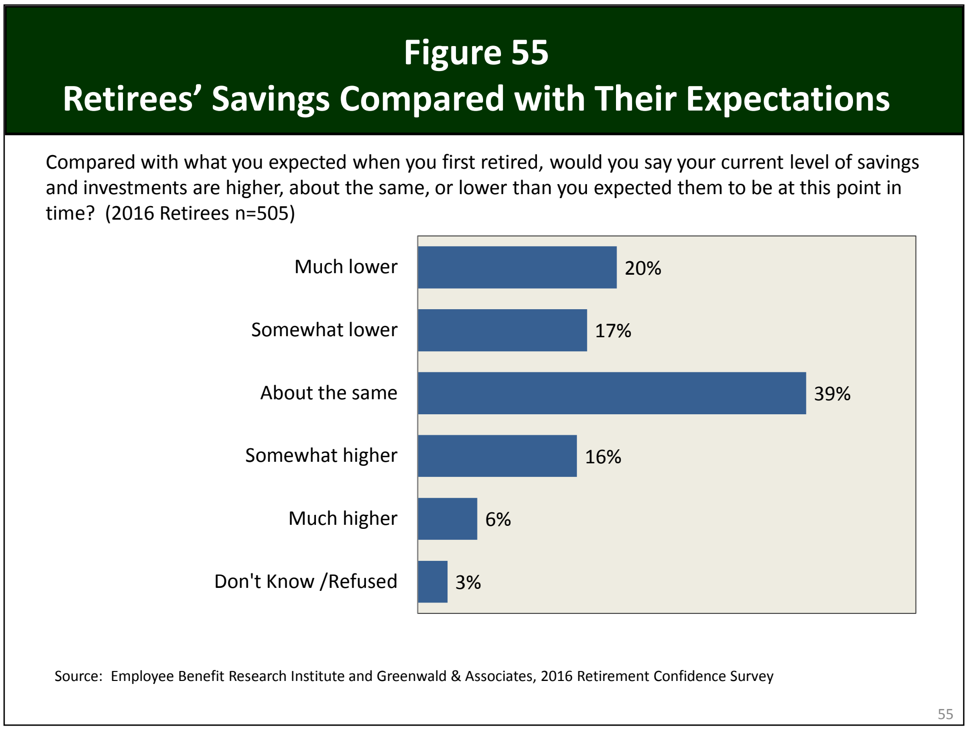
Compared with what they expected when they first retired, retirees are more likely to say their expenses in retirement are higher than expected (38 percent) rather than lower (21 percent). Thirty-eight percent report their expenses are about the same as expected (Figure 53). Those who have a problem with debt are especially likely to say their expenses are higher relative to those who do not have a problem with debt.

Among those who say that their expenses were higher than they expected, 42 percent say they coped with these higher-than-expected expenses by reducing other spending. Eighteen percent say they adjusted their budget, adapted, managed, and/or lived within their means, and 10 percent say they drew down money from their savings and investments (Figure 54).



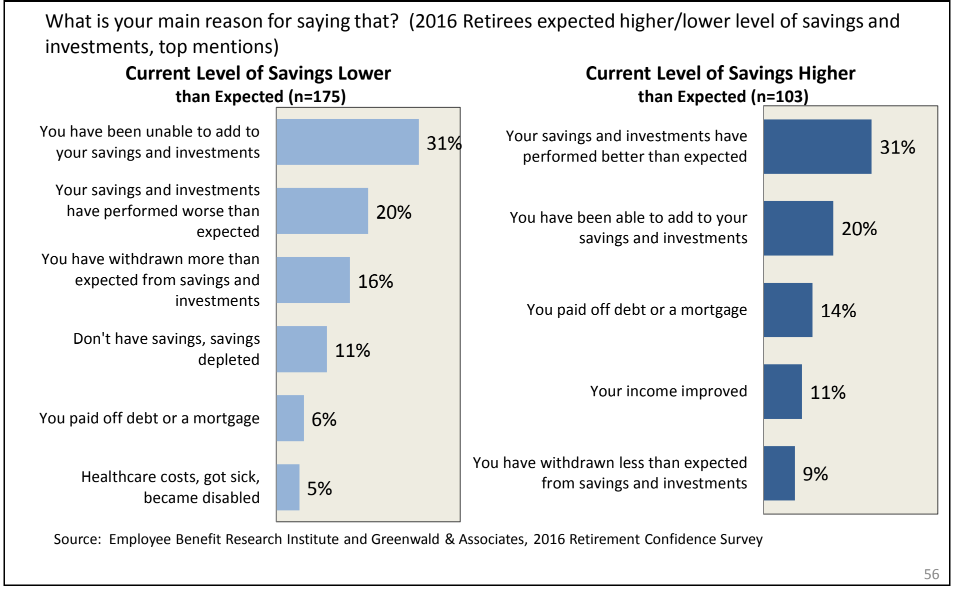
When retirees were asked if they withdrew any money beyond what they normally would have withdrawn from their saving and investments in the past year for various expenses, 23 percent say they did so for major expenses such as the purchase of a car or major appliance, 15 percent say health expenses, 13 percent day-to-day expenses, 9 percent travel, and 7 percent for care or support for a relative.



Since many retirees had to withdraw more than expected from their savings and investments, retirees would then be expected to have lower levels of current savings and investments than they had expected. Nearly 4 in 10 (37 percent) retirees report that the level of their savings and investments is lower than expected at this point in their retirement. Four in 10 (39 percent) report the level is about as expected, and 22 percent find it is higher than expected (Figure 55).

Those reporting that their level of savings and investments is lower than expected think it is primarily because they have been unable to add to their savings and investments (31 percent), their investments performed worse than expected (20 percent), they have withdrawn more than expected (16 percent), or they paid off debt or a mortgage (6 percent). Those saying their level of savings and investments is higher than expected attribute it to better-than-expected investment performance (31 percent), their ability to add to their savings (20 percent), paying off a debt or a mortgage (14 percent), and withdrawing less than expected (9 percent) (Figure 56).

Figure 56
Reasons Why Retirees' Savings and Investments Have Been Higher or Lower Than Expected

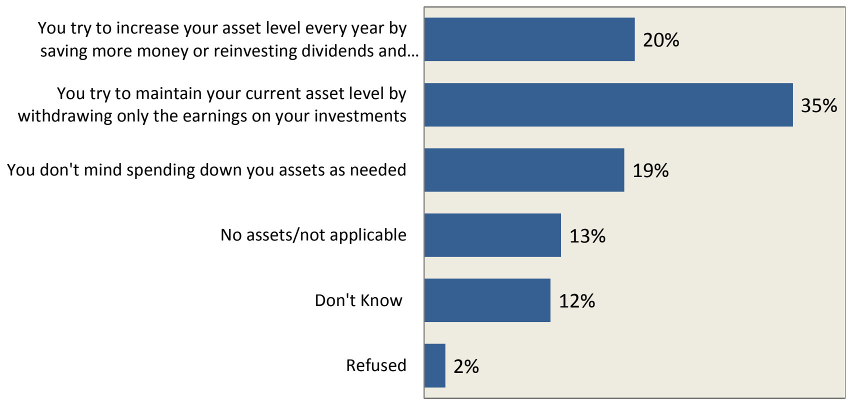


Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

A majority of retirees say they try to maintain or increase their level of assets. When asked about what best represents their behavior when it comes to their level of assets, 20 percent say they try to increase their asset level every year by saving more money or reinvesting dividends and interest and 35 percent say they try to maintain their current asset level by withdrawing only the earnings on their investments. Nineteen percent say they don't mind spending down their assets as needed (Figure 57).

Figure 57
How Retirees Try to Maintain Their Current Asset Level

Which one of the following best represents your behavior when it comes to your level of assets? (2016 Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2016 Retirement Confidence Survey

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RCS Methodology

These findings are part of the 26th annual Retirement Confidence Survey (RCS), a survey that gauges the views and attitudes of working-age and retired Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. The survey was conducted from Jan. 2, 2016-Feb. 3, 2016 through 20-minute telephone interviews with 1,505 individuals (1,000 workers and 505 retirees) age 25 and older in the United States. Random digit dialing was used to obtain a representative cross section of the U.S. population. To further increase representation, a cell phone supplement was added to the sample. Starting with the 2001 wave of the RCS, all data are weighted by age, sex, and education to reflect the actual proportions in the adult population. Data for waves of the RCS conducted before 2001 have been weighted to allow for consistent comparisons; consequently, some data in the 2016 RCS may differ slightly with data published in previous waves of the RCS. Data presented in tables in this report may not total to 100 due to rounding and/or missing categories.

In theory, the weighted samples of 1,000 workers and 505 retirees yield a statistical precision of plus or minus 3.5 percentage points for workers and 4.4 percentage points for retirees (with 95 percent certainty) of what the results would be if all Americans age 25 and older were surveyed with complete accuracy. There are other possible sources of error in all surveys, however, that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

The RCS was co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization; and Greenwald & Associates, a Washington, DC-based market research firm. The 2016 RCS data collection was funded by grants from a number of public and private organizations, with staff time donated by EBRI and Greenwald & Associates. RCS materials and a list of underwriters may be accessed at the EBRI website: www.ebri.org/surveys/rcs

Endnotes

[1] In the RCS, retiree refers to individuals who are retired or who are age 65 or older and not employed full time. Worker refers to all individuals who are not defined as retirees, regardless of employment status.

[2] For example, in 2014 just 3 percent of workers who described their debt as a major problem said they were very confident about having enough money to live comfortably throughout retirement, compared with 29 percent of workers who indicated debt was not a problem. On the other hand, 49 percent of workers with a major debt problem were not at all confident about having enough money for a financially secure retirement, compared with 16 percent of workers without a debt problem.

[3] These findings are in line with other estimates of assets owned by American families. Estimates of data from the 2013 Survey of Consumer Finances (SCF) (conducted by the U.S. Federal Reserve Board) find that the median amount of financial (liquid countable assets, i.e., stocks, bonds, money, individual account retirement plans, etc.) assets for American families was $17,500 in 2013. For those families owning an individual account retirement plan, the median financial asset level was $103,010, while for the families without such plans it was $1,500. (Source: unpublished estimates from the SCF by the Employee Benefit Research Institute, 2015).

[4] Caution should be used in using these numbers as the sample sizes are small. Therefore, the results in this paragraph are more qualitative than quantitative.

[5] This question was not asked in the 2016 survey.

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