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Why Do People Spend the Way They Do in Retirement? Findings From EBRI's Spending in Retirement Survey

By Lori Lucas, CFA, Employee Benefit Research Institute

AT A GLANCE

The Employee Benefit Research Institute's (EBRI's) Spending in Retirement Survey was conducted in September 2020. An online survey, the Spending in Retirement Survey queried 2,000 individuals ages 62 to 75 about their spending habits and their situation at and during retirement. Ninety-seven percent reported being retired; 80 percent reported their spouse/partner being retired. The mean number of years respondents reported being retired was 8.7, with 4 in 10 (39 percent) having been retired 10 years or more. Households were roughly evenly split between high annual household income ($80,000 and higher), middle household income ($40,000 to $79,999), and low household income (less than $40,000). The mean amount of current financial assets reported by respondents was $200,000, with a median of $75,000.

Following are key findings from the survey:

People generally wish they'd saved more: Only 18 percent of those surveyed reported that they had saved more than was needed, while nearly half (46 percent) reported having saved less than they needed in retirement.

Still, most believe they are doing well in retirement: The majority of respondents reported that their standard of living was the same or higher in retirement than when they were working (69 percent). In addition, 6 in 10 (61 percent) respondents felt their spending level was about the right amount for what they could afford.

Most don't want to spend down all their assets: Just over 4 in 10 (43 percent) respondents reported that they planned to spend down all or a significant portion of their assets in retirement. The rest wanted to spend down a small portion of assets, spend none at all, or grow their assets.

Fear of running out of money is not the primary motivator: When asked about the rationale for *not* spending down assets in retirement, fear of running out of money (27 percent) was outpaced by saving assets for an unforeseen cost later in retirement (38 percent), feeling that spending down assets is unnecessary (37 percent), wanting to leave as much as possible to heirs (33 percent), and simply feeling better when account balances remain high (31 percent).

Having a retirement nest egg makes people happy: 64 percent of survey respondents agreed that saving as much as they can makes them feel happy and fulfilled.

Priorities change during retirement: Maintaining health and wellness in retirement was by far the most important goal at the time people retired: 81 percent said it was very or extremely important. This became more important as retirement progressed. In contrast, traveling became less important for a quarter of survey respondents.

The reality of retirement differs from retirement expectations: Fewer than 1 in 4 (24 percent) respondents scored their current life in retirement as highly aligned with how they expected or planned for their life in retirement to be.

Nonetheless, satisfaction in retirement is above average: Eight in ten scored their retirement satisfaction as above average, and just over a third of respondents (36 percent) scored their retirement satisfaction as high.

Even so, not everyone fares well in retirement: Those least satisfied with retirement were those with unmanageable or crushing debt: More than 4 in 10 (42 percent) in this category registered below-average satisfaction with retirement. Indeed, those with unmanageable debt scored poorly by almost every measure, including lower life expectancy, less ability to spend within their means, retirement being costlier than expected, finding themselves forced to dip into savings during poor market conditions, and lack of alignment between retirement expectations and reality. Other cohorts who showed signs of strain in retirement include those who are unmarried, those who have fair or poor health, or those with low household income.

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Lori Lucas is President and CEO at the Employee Benefit Research Institute (EBRI). This *Issue Brief* was written with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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Why Do People Spend the Way They Do in Retirement? Findings From EBRI's Spending in Retirement Survey

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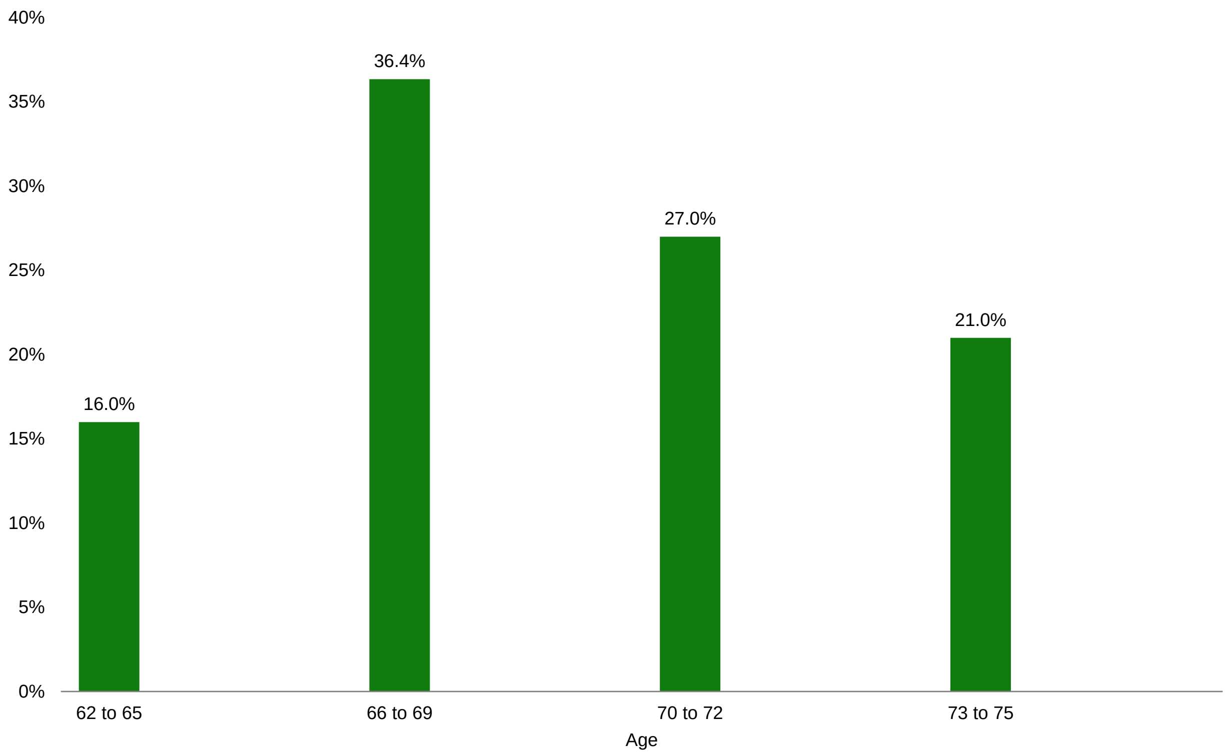
Survey Background

EBRI's Spending in Retirement Survey was conducted in September 2020. An online survey, the Spending in Retirement Survey queried 2,000 individuals ages 62 to 75 about their spending habits and situation at and during retirement (Figure 1).[1]

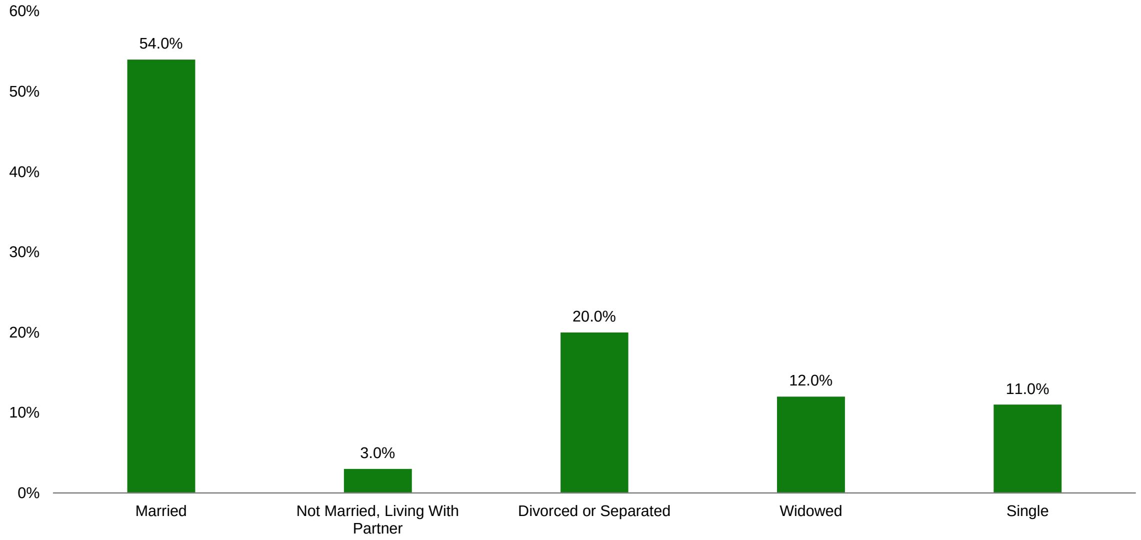
Figure 1
Age Distribution of Respondents



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Survey respondents were 45 percent male and 55 percent female. Just over half (57 percent) reported being married or living with a partner, with 20 percent reporting being divorced or separated (Figure 2). Of those married or with a partner, 36 percent were the sole decision maker.

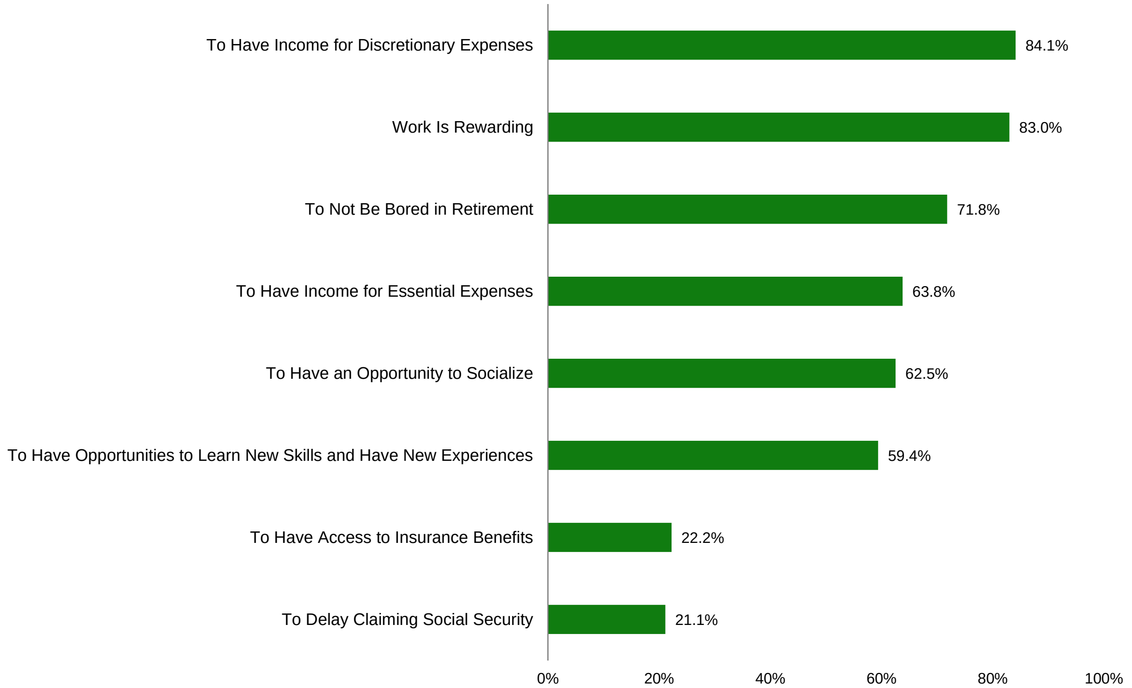
Figure 2
Marital Status of Respondents



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Ninety-seven percent reported being retired; 80 percent reported their spouse/partner being retired. The mean number of years respondents reported being retired was 8.7, with 4 in 10 (39 percent) having been retired 10 years or more. Sixty-nine percent of retired survey respondents reported having never worked while being retired; 29 percent worked in the past, but not now. Respondents were more likely to work during retirement to pay for discretionary expenses such as travel and gifts (84 percent) than to have income for essential expenses such as housing, food, and medications (64 percent) (Figure 3). Working because the work is rewarding was cited by more than 8 in 10 who worked or were working in retirement.

Figure 3
Reasons Given for Working/Having Worked in Retirement

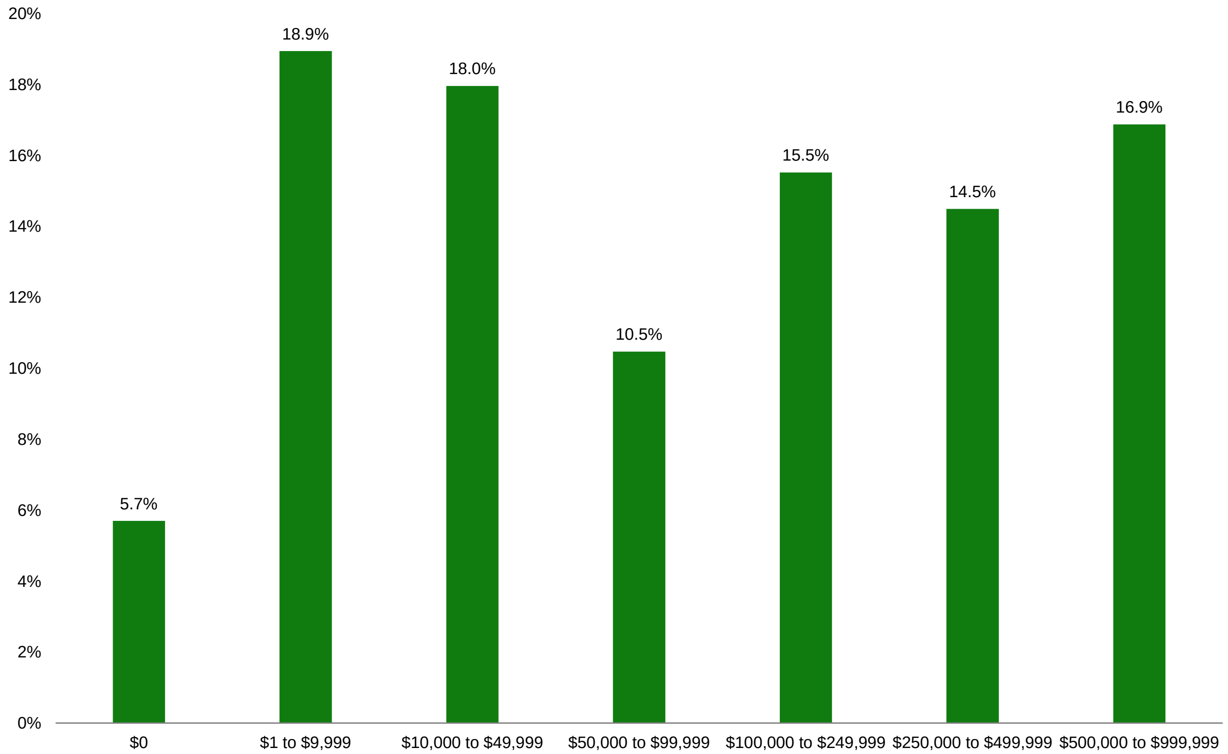


Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

The mean amount of current financial assets[2] reported by respondents was $200,000, with a median of $75,000. Throughout the survey, we defined *low* financial assets as assets that are less than $10,000. *Middle* financial assets are assets between $10,000 and $99,999. *High* financial assets are assets between $100,000 and $999,999. Those with $1 million or more in financial assets were screened out (Figure 4).

A quarter (25 percent) of respondents reported *low* financial assets. Approximately another quarter (28 percent) reported *middle* financial assets. Just under half (47 percent) reported *high* financial assets (Figure 4).

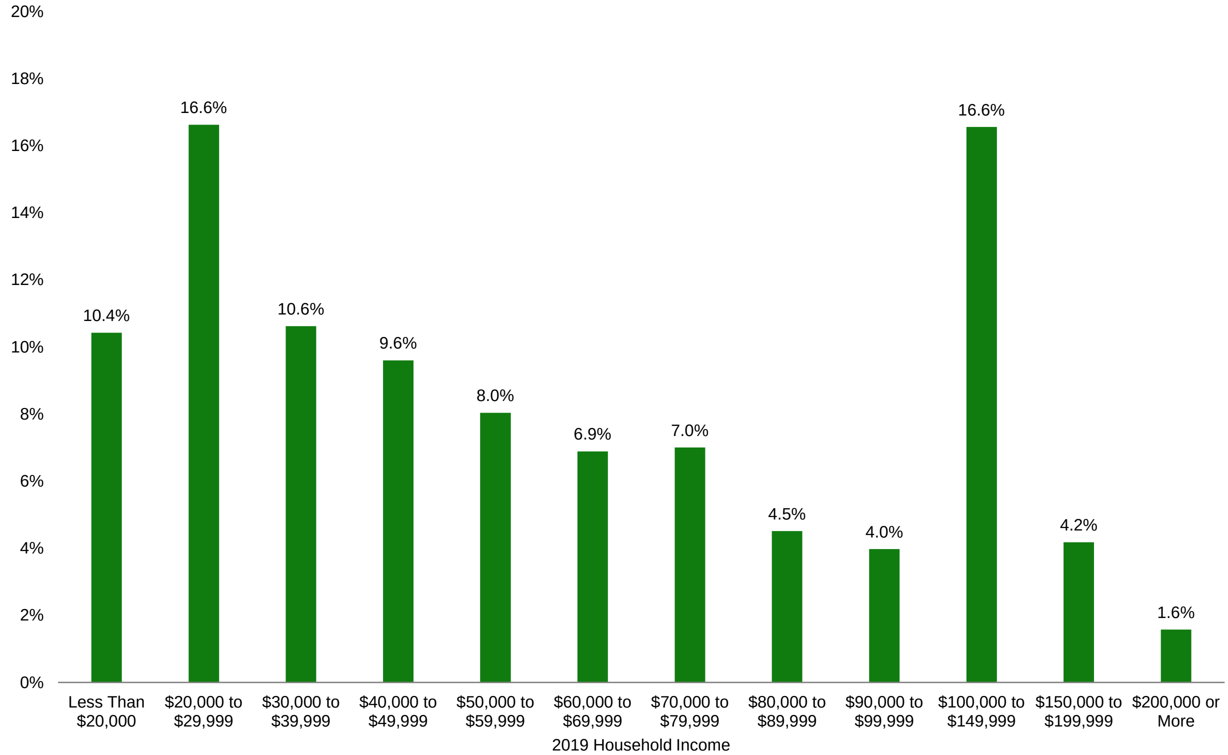
Figure 4
What is the approximate value of your household's financial assets?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Throughout the survey, we defined low household income as under $40,000 annually. Middle household income was defined as between $40,000 and $79,999. High household income is $80,000 and higher. While 38 percent of respondents reported low household income in 2019, 32 percent reported middle household income, and 31 percent reported high household income (Figure 5).

Figure 5
What was your household income in 2019?



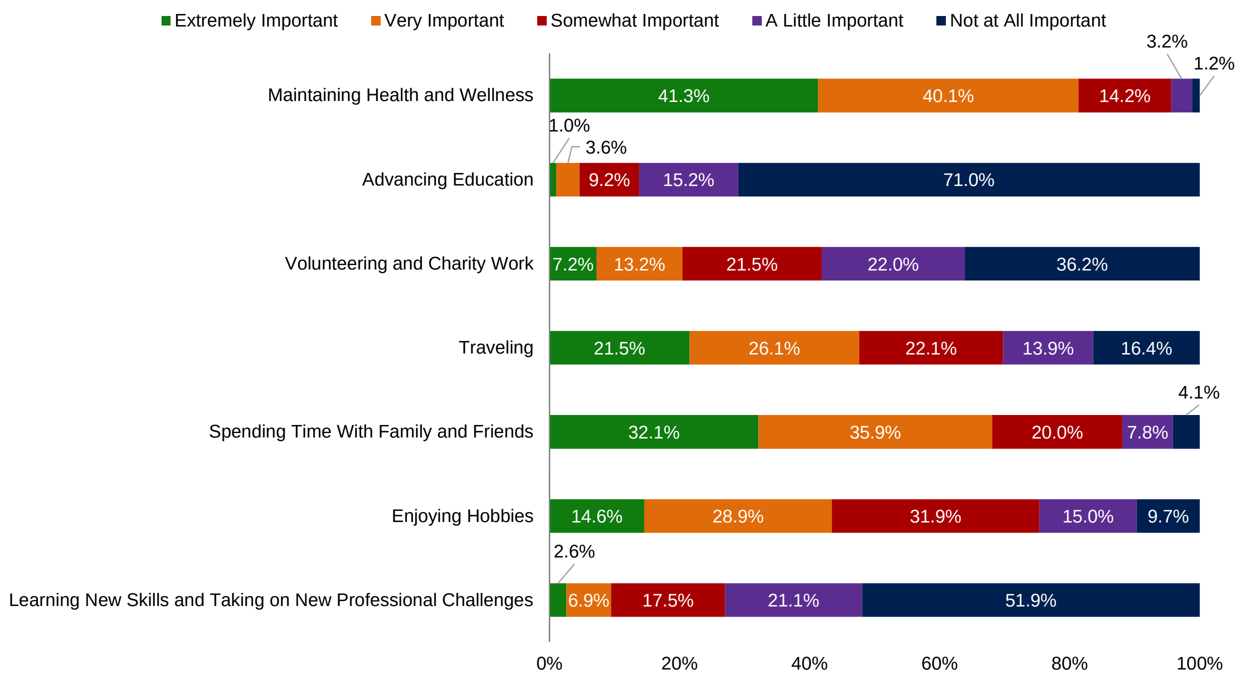
Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

What Are People's Goals in Retirement?

People do a fairly good job of estimating the length of their life in retirement. According to the Social Security Administration's Actuarial Life Table, individuals who reach age 62 should expect to live until age 85 on average. Accordingly, 51 percent of respondents between the ages of 62 and 69 believed they'd live until at least age 85 in retirement, with 5 percent believing they would live until age 100 or more. Those with the poorest health were least likely to believe they would live until age 85 or more (38 percent), while those with excellent health were most likely (77 percent) to believe this. Those with low assets (48 percent), low income (49 percent), and unmanageable debt (49 percent) also had lower-than-average expectations of living until at least age 85.

Respondents reported that maintaining health and wellness in retirement was by far the most important goal at the time they retired: 81 percent said it was very or extremely important (Figure 6). This was followed by spending time with family and friends (68 percent). Just under half (48 percent) noted that traveling was very or extremely important at the time of retirement; however, a significantly higher proportion of those in partner relationships (55 percent), with a bachelor's degree or higher (56 percent), in excellent health (61 percent), with high income (64 percent), or with high current assets (61 percent) did so.

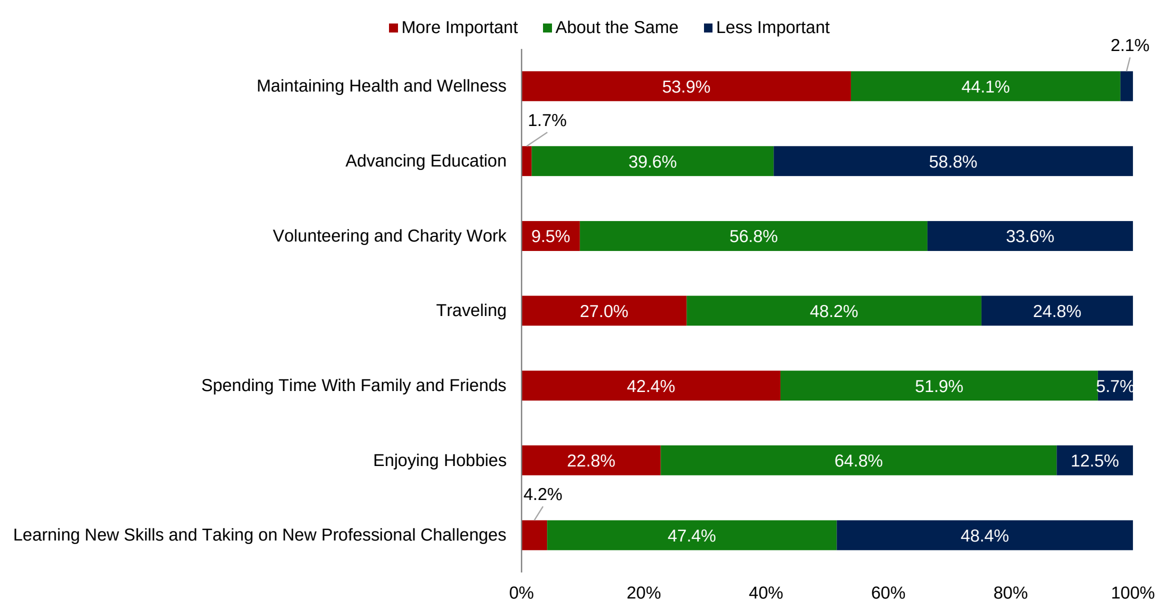
Figure 6
At the time of your retirement, how important were the following?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Maintaining health and wellness became more important for the majority of respondents during retirement (54 percent), and spending time with family and friends became more important during retirement for just over 4 in 10 respondents (Figure 7). In contrast, traveling became less important for a quarter of respondents — about equal to the proportion who said it became more important as retirement progressed.

Figure 7
Compared to when you first retired, are the following goals more or less important to you now or are they the same?



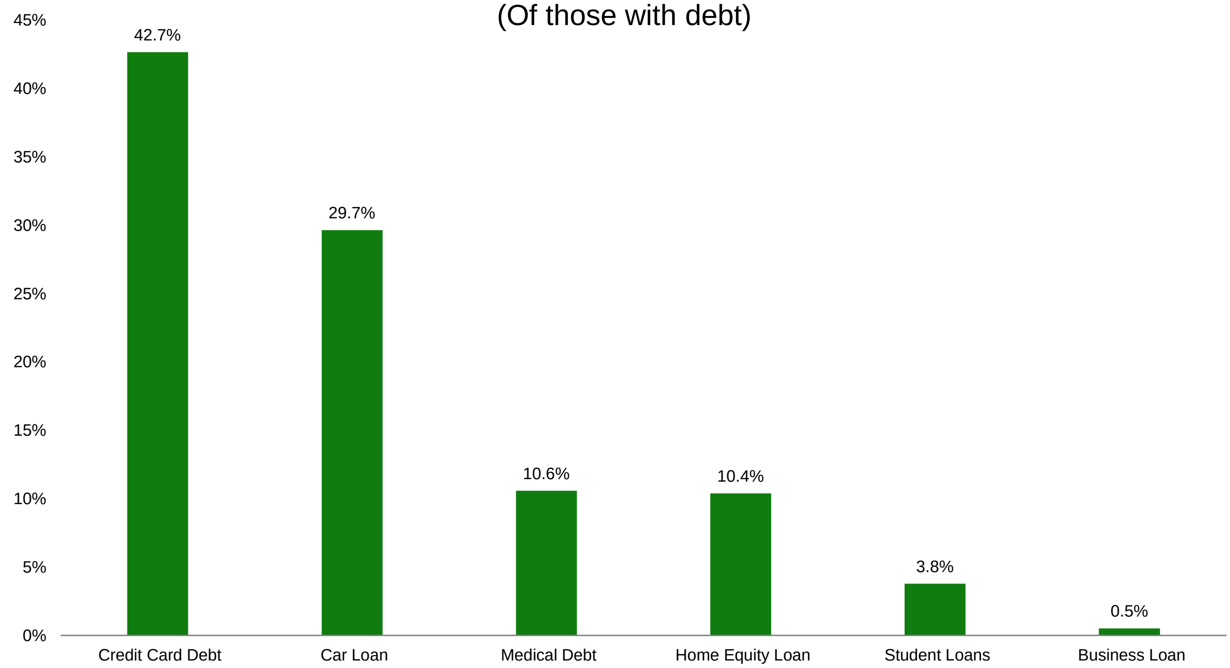
Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Three in ten respondents reported having at one time (either currently or in the past) provided care for someone — either in their household or outside their household — who had a disability, chronic condition, special need, or cognitive impairment and needed help with the daily activities of living.

What Does Debt Look Like in Retirement?

Just under two-thirds (63 percent) of respondents reported having any debt in retirement. The most common type of debt was credit card debt (43 percent), followed by car loans (30 percent) (Figure 8).

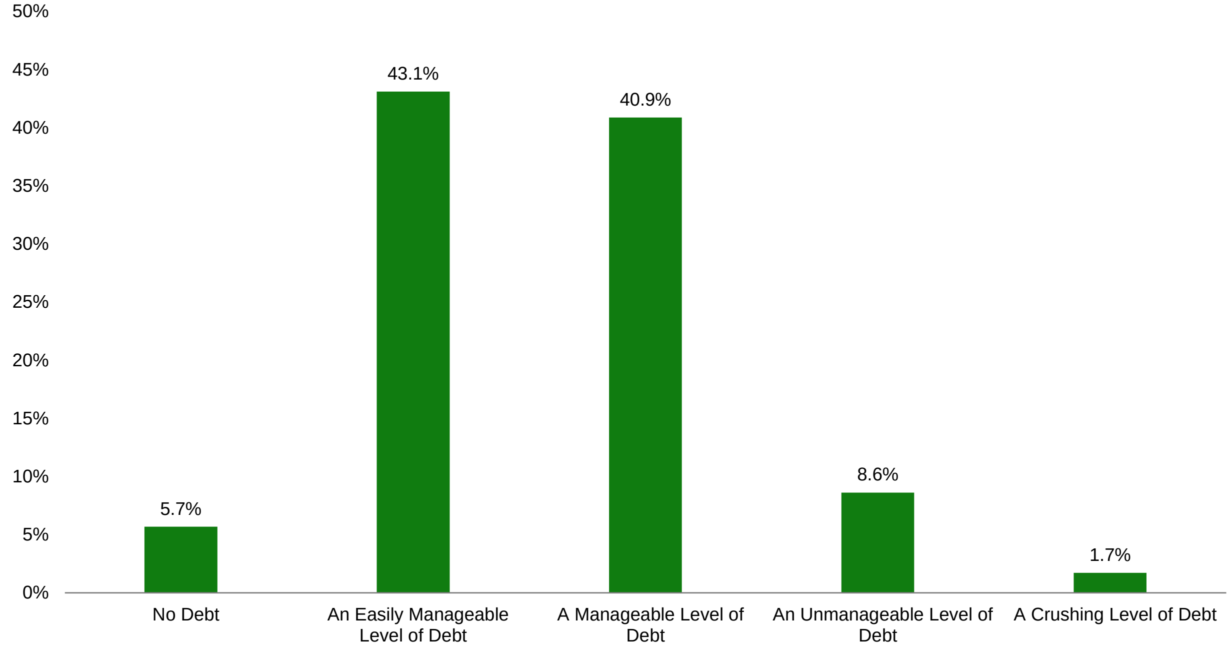
Figure 8
Do you owe any of the following types of debt?
(Of those with debt)



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

One in ten respondents described their current level of debt as "unmanageable" or "crushing" (Figure 9). Ninety percent of this cohort reported having credit card debt. As might be expected, those most likely to report debt as being unmanageable had low current assets (22 percent) and low income (17 percent). Also, those with fair or poor health (16 percent) and no partner (14 percent) were more likely to have unmanageable debt. Women (13 percent) were more likely than men to fall into this category, as were younger (12 percent) vs. older (8 percent) retirees.[3]

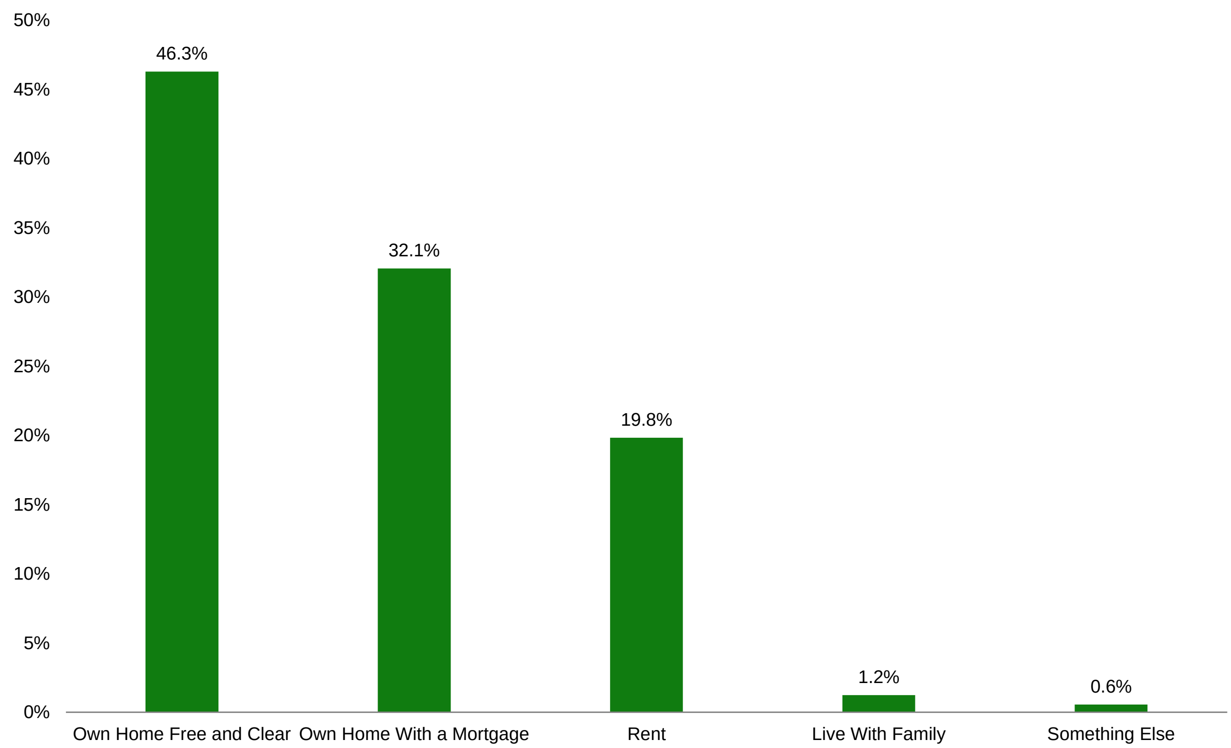
Figure 9
How would you describe your current level of debt?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Just under a third (32 percent) of respondents reported having a home mortgage, while 46 percent owned their home free and clear, and 1 in 5 rented (Figure 10). Those most likely to have mortgage debt were those with the unmanageable debt (42 percent) and children in their home (42 percent). Those with the highest incomes were also more likely to have mortgage debt (41 percent) — although this latter cohort was also least likely to rent (6 percent). Those most likely to rent were those with unmanageable debt (41 percent), low assets (40 percent), low income (36 percent), and no partner (35 percent).

Figure 10
Which best describes your current living situation?



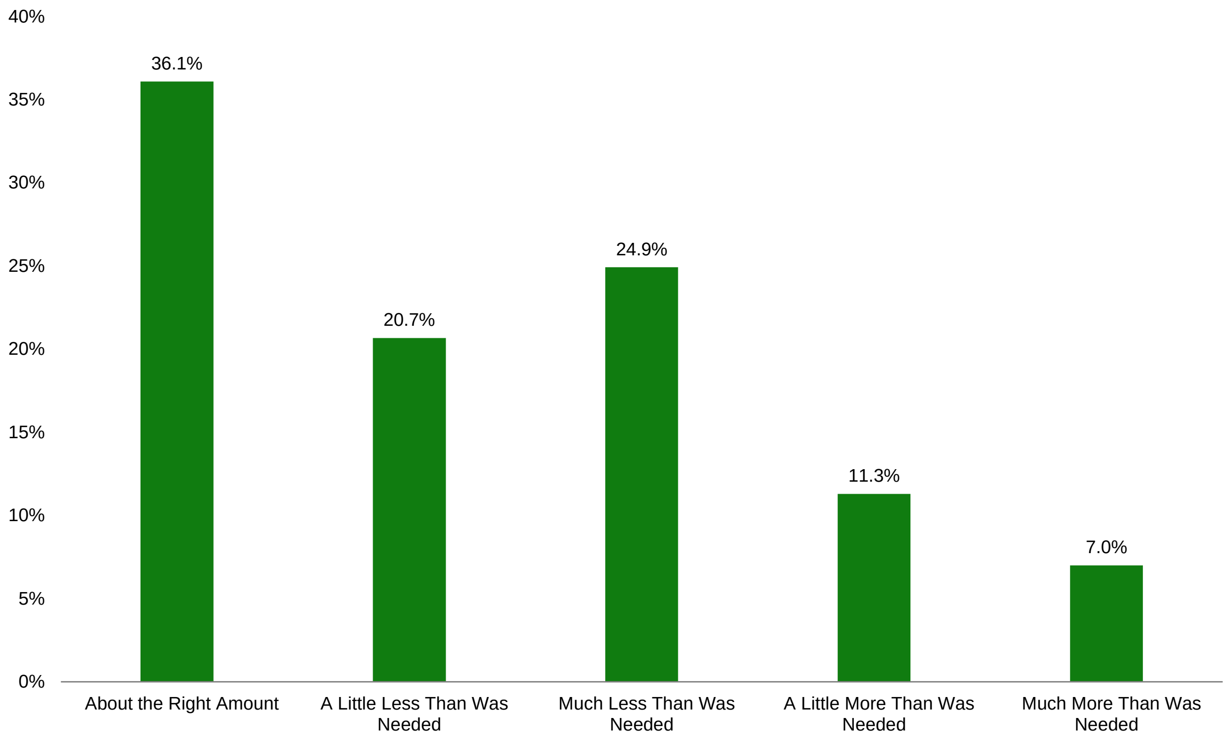
Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Retirement Savings

Only 18 percent of those surveyed reported that they had saved more than was needed (Figure 11). About a third (36 percent) reported saving about the right amount, while nearly half (46 percent) reported having saved less than they needed in retirement.

Six in ten individuals with fair or poor health (62 percent) or who reported being more frugal in retirement than during their working years (63 percent) reported undersaving for retirement. In contrast, 26 percent of those indicating that their plan is to grow their assets in retirement stated that they saved more than was needed, suggesting they now believe they have the luxury of growing rather than being required to spend down their assets.

Figure 11
Given your economic circumstances while you were working, which best describes the amount you saved for retirement?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

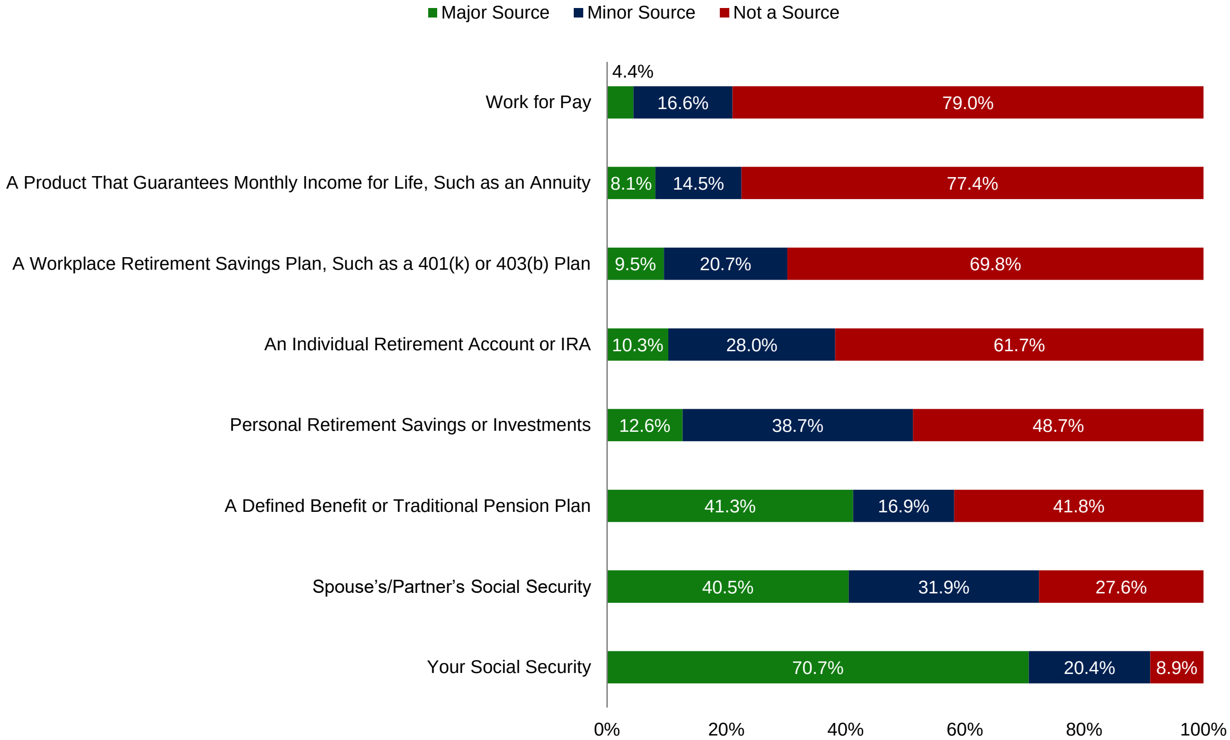
What Are Retirees' Sources of Income?

Social Security was a major source of income for most respondents (71 percent) (Figure 12). This was followed by their spouse/partner's Social Security and a defined benefit or traditional pension plan. Only 31 percent reported that a workplace retirement savings plan, such as a 401(k) or 403(b) plan, was a source of income — with only 10 percent reporting it was a major source of income. Respondents were more likely to report that personal retirement savings or investments were a source of income than a workplace retirement savings plan. Just over a third (38 percent) said an individual retirement account was a source of income, while just over half (51 percent) reported their personal retirement account as a source of income.

Those with the highest asset levels were nearly four times as likely to report a personal retirement account as a source of income as those with low asset levels (71 percent and 19 percent, respectively); four times as likely to report that a workplace retirement plan was a source of income (44 percent and 11 percent, respectively); and more than five times as likely to report an individual retirement account as a source of income (59 percent vs. 11 percent, respectively).

Those with the highest income level were most likely to report a defined benefit or traditional pension plan as a source of income (80 percent).

Figure 12
Major and Minor Sources of Income in Retirement

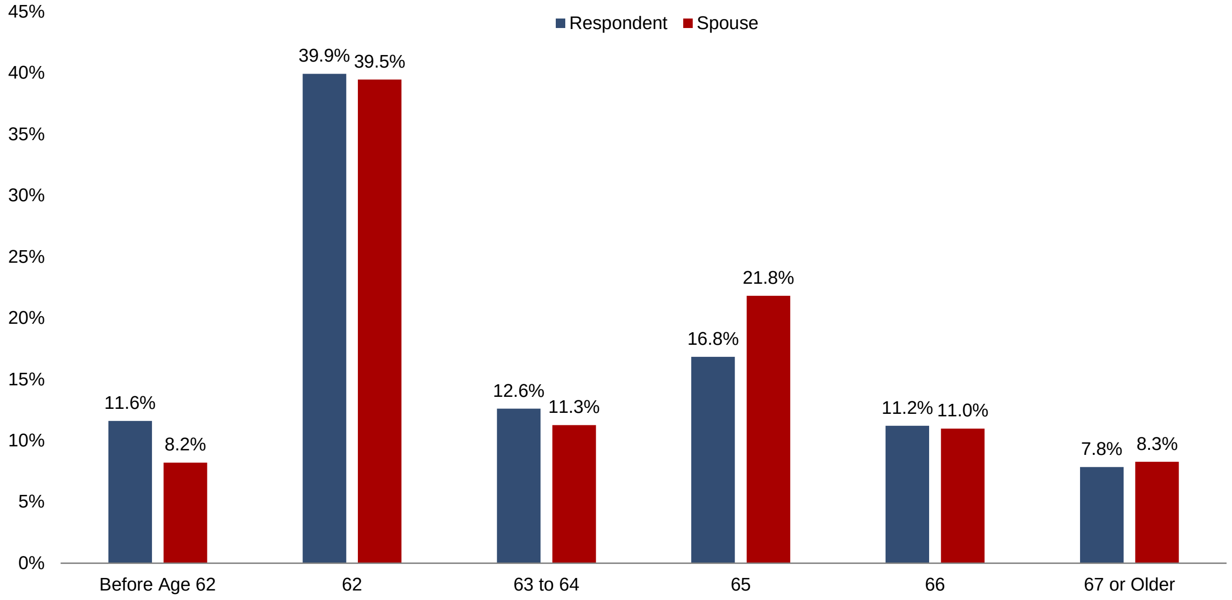


Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

For those who cited Social Security as a source of income, the median age that they reported beginning Social Security was 62; the median age for their spouses/partners was 63 (Figure 13). Four in ten respondents reported beginning Social Security at age 62, with 64 percent reporting taking it prior to age 65. Meanwhile, 39 percent of spouses or partners began to take Social Security at age 62, with 59 percent taking it prior to age 65. Only 8 percent of respondents and their partners began taking Social Security at ages 67 or older.

Not surprisingly, those most likely to begin Social Security prior to age 65 were those reporting fair or poor health (68 percent). More lower-income individuals reported beginning Social Security prior to age 65 than high-income individuals (68 percent and 61 percent, respectively). Likewise, individuals with low levels of current assets were more prone to beginning Social Security before the age of 65 than individuals with high levels of current assets (72 percent and 60 percent, respectively). About the same level of individuals — 1 in 5 — reporting fair/poor health, household income under $40,000 annually, or assets under $10,000 also reported taking Social Security prior to age 62 (21 percent, 18 percent, and 22 percent, respectively).

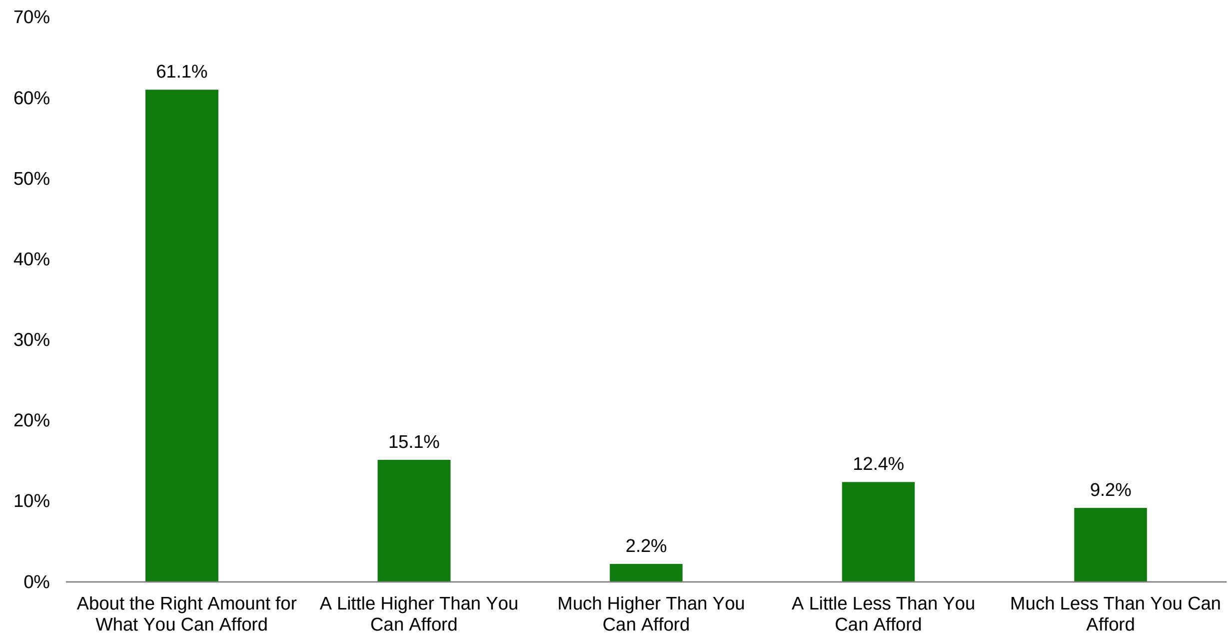
Figure 13
At what age did you or your spouse/partner begin taking Social Security?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

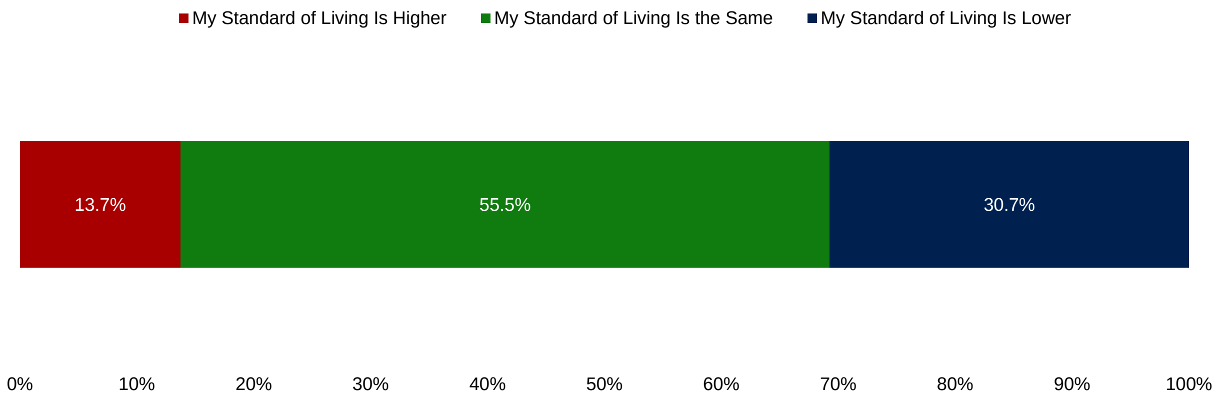
Six in ten (61 percent) respondents felt their spending level is about the right amount for what they can afford (Figure 14). Seventeen percent reported that their spending level is higher than they can afford — however, that number soared to 79 percent for those with unmanageable debt. Not-married individuals were twice as likely as those with partners to spend more than they can afford (24 percent vs. 12 percent, respectively). Likewise, women were twice as likely as men to state that their spending level is higher than they can afford (22 percent vs. 11 percent, respectively). In addition, individuals with less than a bachelor's degree (20 percent), with fair or poor health (30 percent), with household income under $40,000 (26 percent), with assets less than $10,000 (34 percent), with children living at home (21 percent), reporting being more frugal in retirement than during working years (23 percent), and taking money from an account (21 percent) were also most likely to spend more than they can afford.

Figure 14
Do you feel your current spending level is...?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Figure 15
Do you consider your standard of living in retirement to be higher, the same, or lower than when you were working?



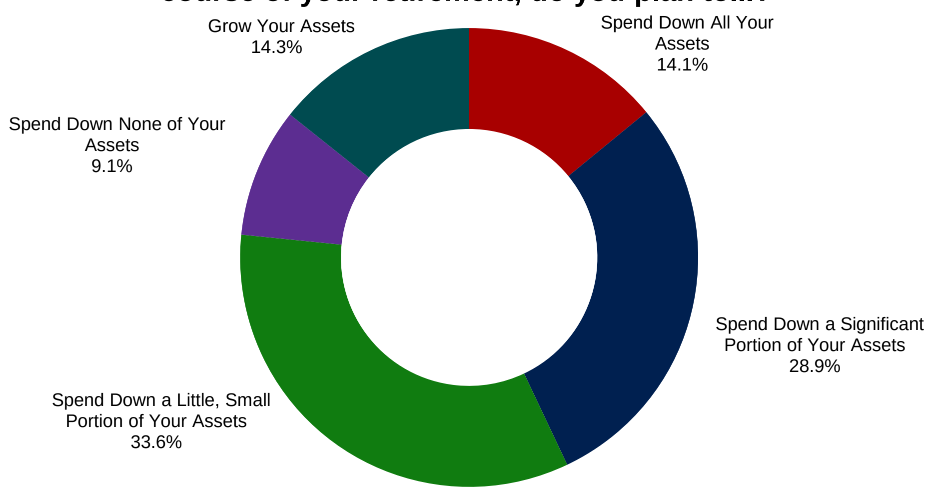
Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

The majority of respondents reported that their standard of living was the same or higher in retirement than when they were working (69 percent) (Figure 15). However, 7 in 10 (72 percent) of those with unmanageable debt reported that their standard of living is lower in retirement. Women were more likely than men to say that their standard of living is lower (37 percent vs. 23 percent, respectively). Other cohorts most likely to report a lower standard of living were as follows: those with low income or assets (51 percent and 52 percent, respectively), those in fair or poor health (47 percent), those who are not married (44 percent), and those who are less educated (36 percent). Also, younger vs. older retirees were more likely to report a lower standard of living (34 percent and 28 percent, respectively).

How Do People Make Decisions in Retirement?

Just over 4 in 10 (43 percent) respondents reported that they planned to spend down all or a significant portion of their assets in retirement, with more saying it was their goal to spend down a significant portion vs. all of their assets (29 percent and 14 percent, respectively) (Figure 16). Far more with unmanageable debt planned to spend down most or all of their assets than average (67 percent). Just under a quarter of respondents stated their goal was to spend down none of their assets or grow their assets in retirement. Those with children at home (31 percent) or long-term-care insurance (30 percent) were most likely state this latter goal.

Figure 16
Thinking about all the money you have in financial accounts over the course of your retirement, do you plan to...?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

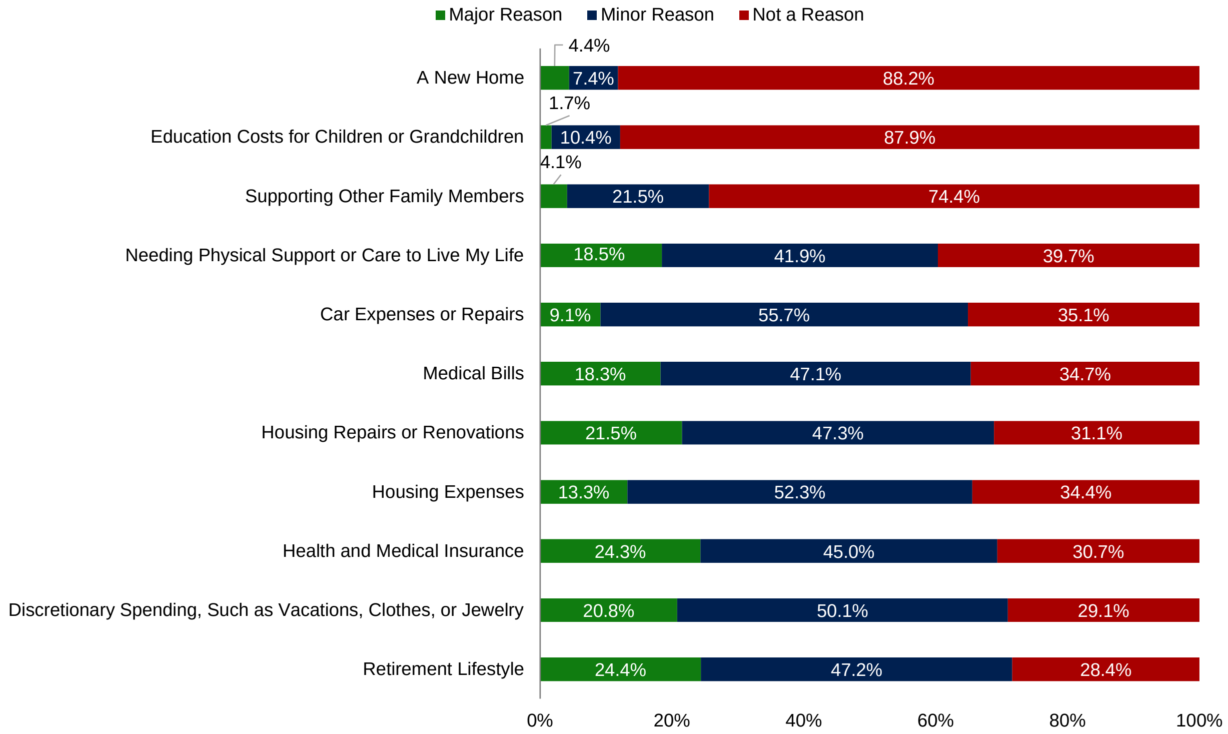
Health and medical insurance tied with retirement lifestyle as the most common major reason that people plan to spend down their assets in retirement (24 percent) (Figure 17). This was followed closely by housing expenses (22 percent) and discretionary spending (21 percent).

For those with unmanageable debt, housing expenses and health and medical insurance ranked highest in reasons for spending down assets in retirement (83 percent), followed by medical bills (76 percent). Those with unmanageable debt were far less likely to cite discretionary spending (56 percent) as the reason for spending down assets, although they were about equally likely to report retirement lifestyle (69 percent) as the reason. All of this points to a cohort that is highly financially constrained.

Supporting other family members was significantly more likely to be a reason for spending down money for those with children in their home than average (53 percent and 26 percent, respectively). That cohort also was more likely to cite health and medical insurance (80 percent) than average. Those who said they were more willing to spend in retirement than they had been while working were more likely to do so on retirement lifestyle (81 percent) and discretionary spending (85 percent).

In all, the findings suggest that spending down retirement assets is driven both by necessity and behavioral preferences.

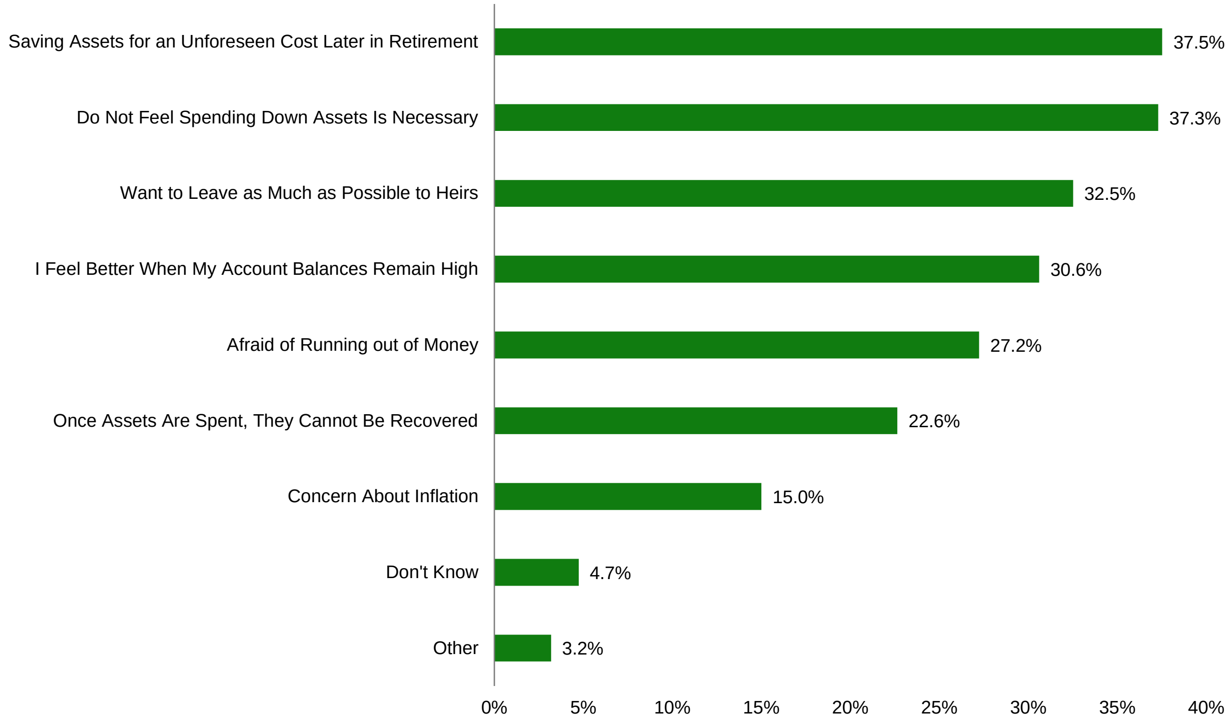
Figure 17
To what extent are the following reasons you have or plan to spend down your assets in retirement?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

When asked about the rationale for *not* spending down assets in retirement, fear of running out of money (27 percent) was outpaced by saving assets for an unforeseen cost later in retirement (38 percent), feeling that spending down assets is unnecessary (37 percent), wanting to leave as much as possible to heirs (33 percent), and simply feeling better when account balances remain high (31 percent) (Figure 18). Those with children at home were more likely than average to want to leave as much to heirs as possible (51 percent) and less likely than average to feel that spending down assets is unnecessary (26 percent). Those with a fair or poor health status were far more concerned about running out of money than the average (37 percent), as were those with low income (40 percent). However, those with low or moderate assets (less than $10,000 or $10,00 to $99,000, respectively) were equally likely to fear running out of assets (36 percent).

Figure 18
Which of the following are reasons you plan to not spend down your assets in retirement?



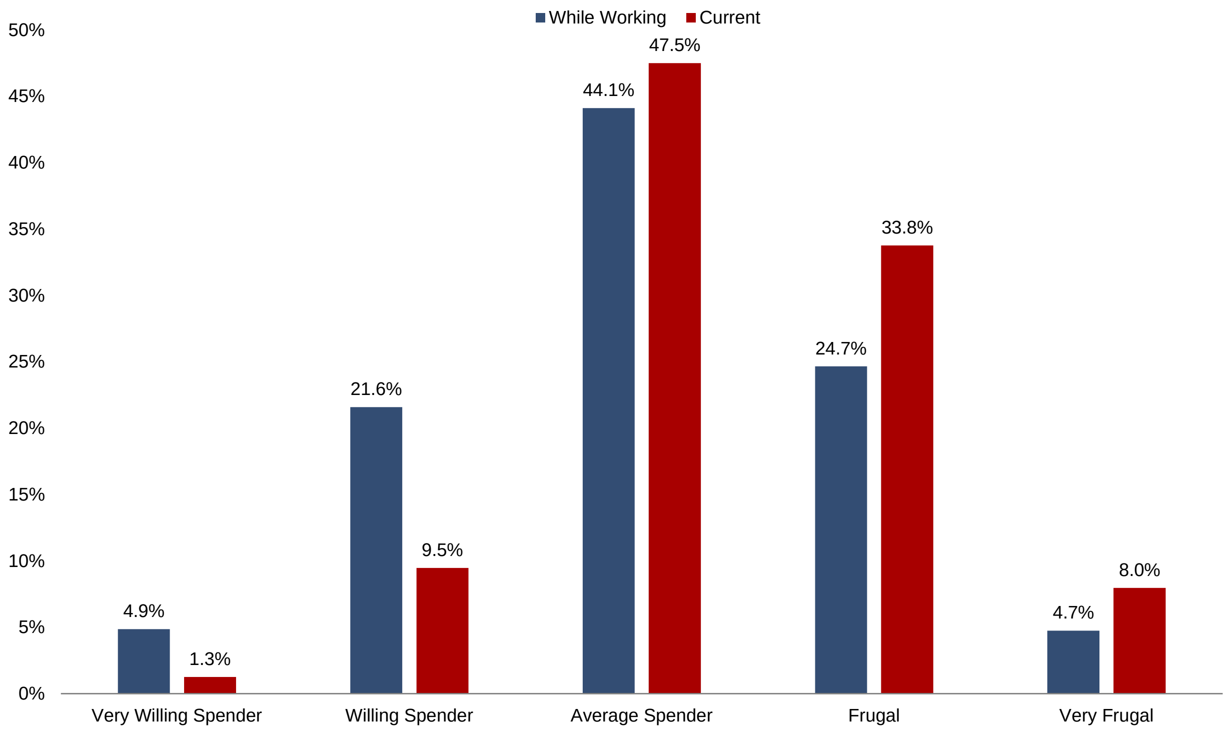
Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

People tend to become more frugal in retirement. While more than a quarter (27 percent) of respondents characterized themselves as wiling spenders while they were working, that number dropped to 1 in 10 during retirement (Figure 19). Meanwhile, 42 percent described themselves as frugal or very frugal in retirement compared with 30 percent while working. Those most likely to say they were frugal spenders also reported being *more* frugal than when they were working (59 percent).

Those with the highest current assets (36 percent) and highest level of education were most likely to characterize themselves as frugal while working (34 percent). However, those same demographics were not more likely to characterize themselves as frugal during retirement than average.

Interestingly, 41 percent of those with unmanageable debt characterized themselves as willing spenders while working, and that cohort was more than twice as likely (24 percent) as average to characterize themselves as willing spenders in retirement. Conversely, only 15 percent characterized themselves as frugal while working, and fewer than average (37 percent) characterized themselves as frugal in retirement. This spending mindset may be a reason behind the unmanageable debt.

Figure 19
Which word or phrase best describes your spending behavior?

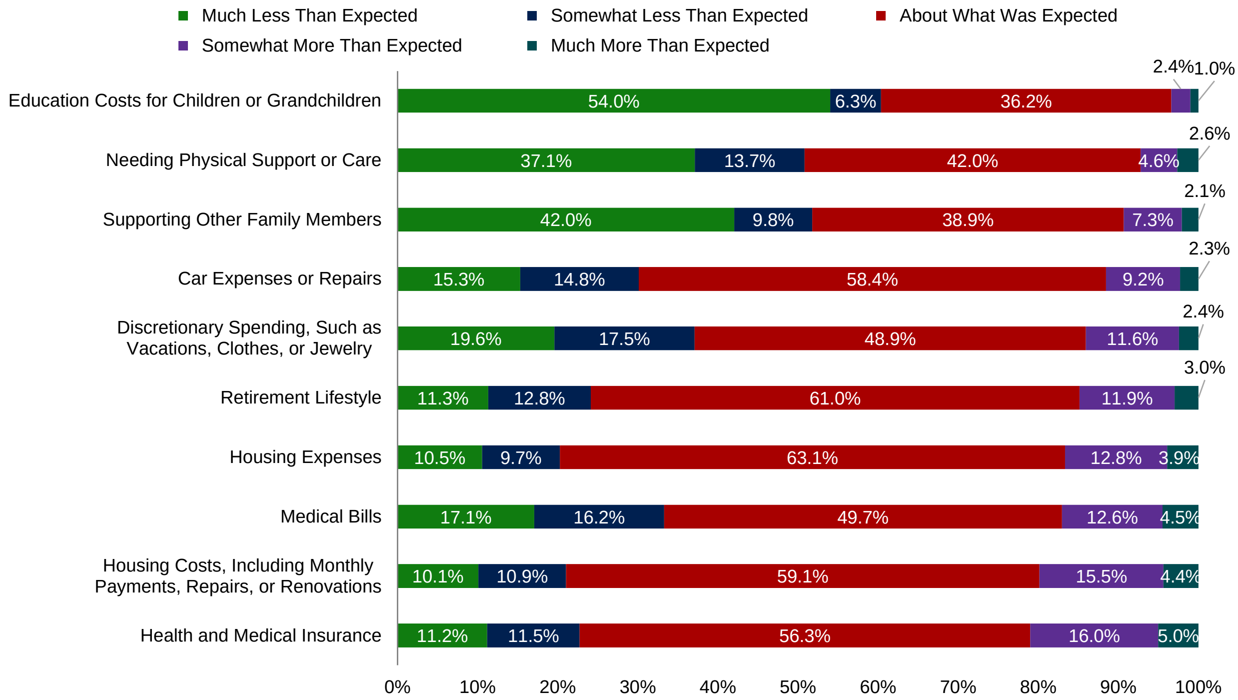


Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

One in five cited health and medical insurance (21 percent) and housing costs (20 percent) as being more than expected in retirement (Figure 20). In contrast, areas where individuals reported spending less than expected included education costs (60 percent), supporting family members (52 percent), and needing physical support or care to live (51 percent) — and the latter was equally true later and earlier in retirement.

Those with unmanageable debt were more than twice as likely to cite many categories as being more expensive than expected, including housing costs (44 percent), medical bills (42 percent), housing expenses (42 precent), retirement lifestyle (39 percent), car expenses or repairs (38 percent), and needing physical support or care (22 percent).

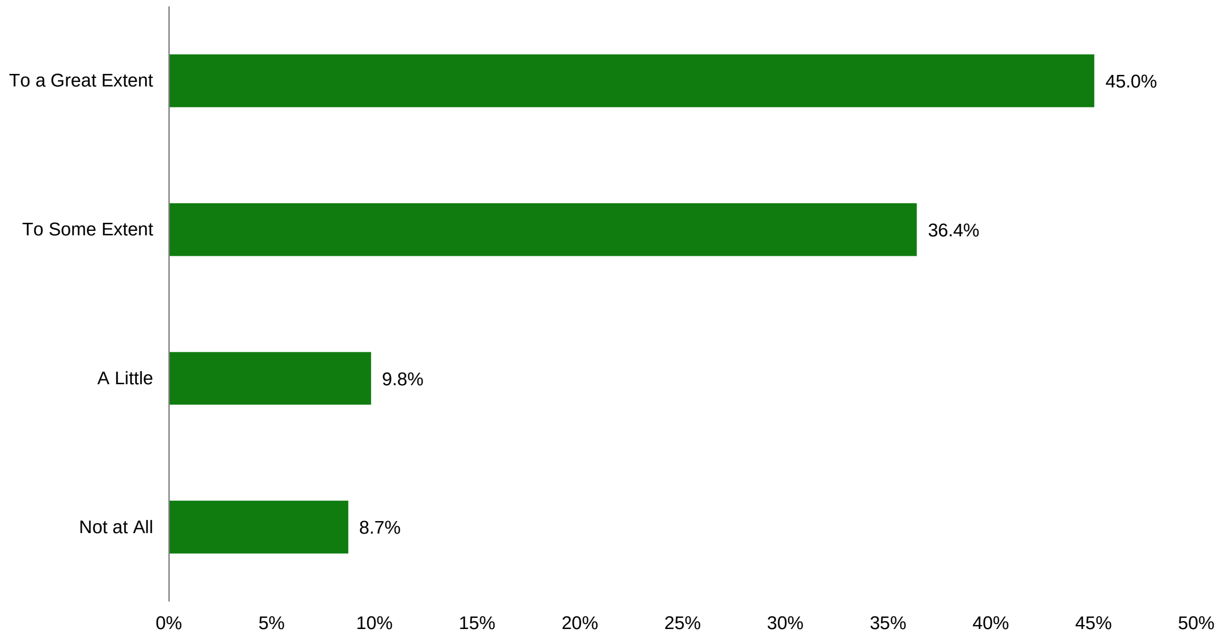
Figure 20
Now that you're retired, how would you describe the amount you spend in the following categories?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Nearly half (45 percent) of respondents said they stick to a monthly spending plan to a great extent, but 36 percent said they only stick to a monthly spending plan to some extent (Figure 21). Those least likely to stick to a monthly spending plan were those who said they were more willing to spend in retirement than during their working years — 31 percent of this cohort said they were not likely or not at all willing to stick to a monthly spending plan.

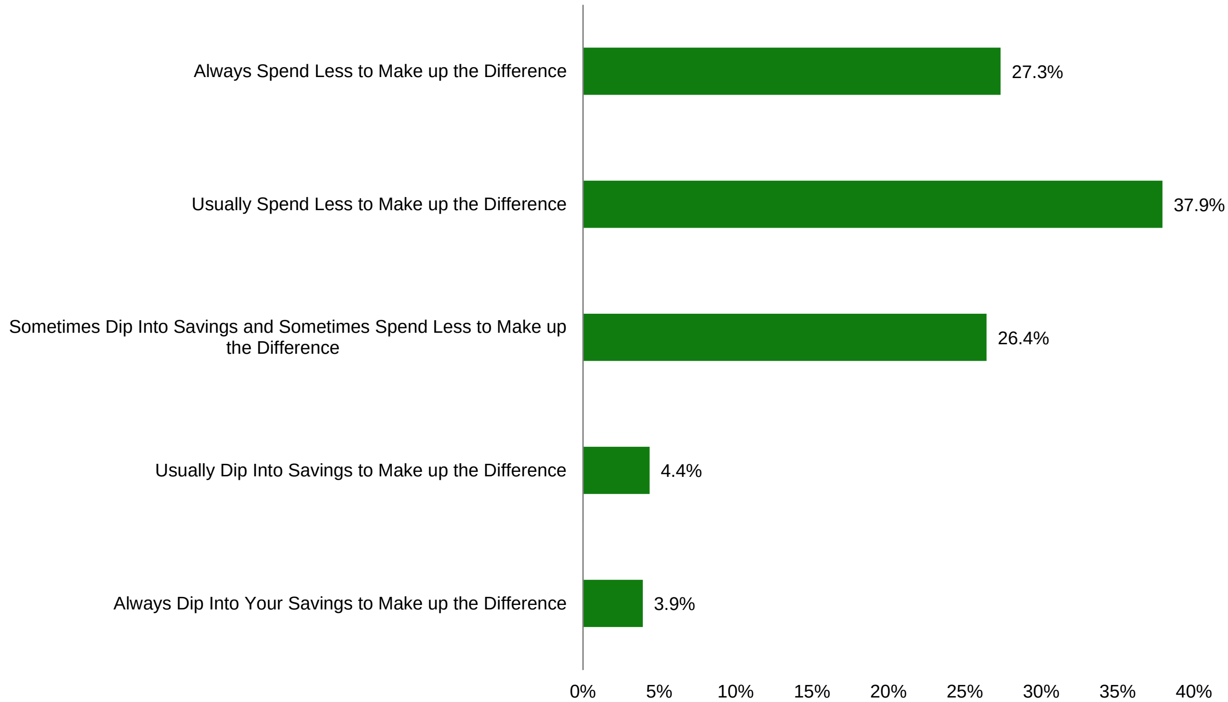
Figure 21
To what extent do you stick to a monthly spending plan?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Most retirees adjust their spending for market conditions. Nearly two-thirds of respondents (65 percent) reported that they always or usually spend less to make up the difference when their investments lose value due to market losses or do not produce as much income due to lower interest rates (Figure 22). However, 8 percent said they always or usually dip into savings. Not unsurprisingly, those with unmanageable debt (21 percent) reported being most likely to dip into savings on a regular basis — likely due to the inflexibility of debt payments. In contrast, those reporting that their spending plan involved growing assets were least likely to report this behavior (3 percent).

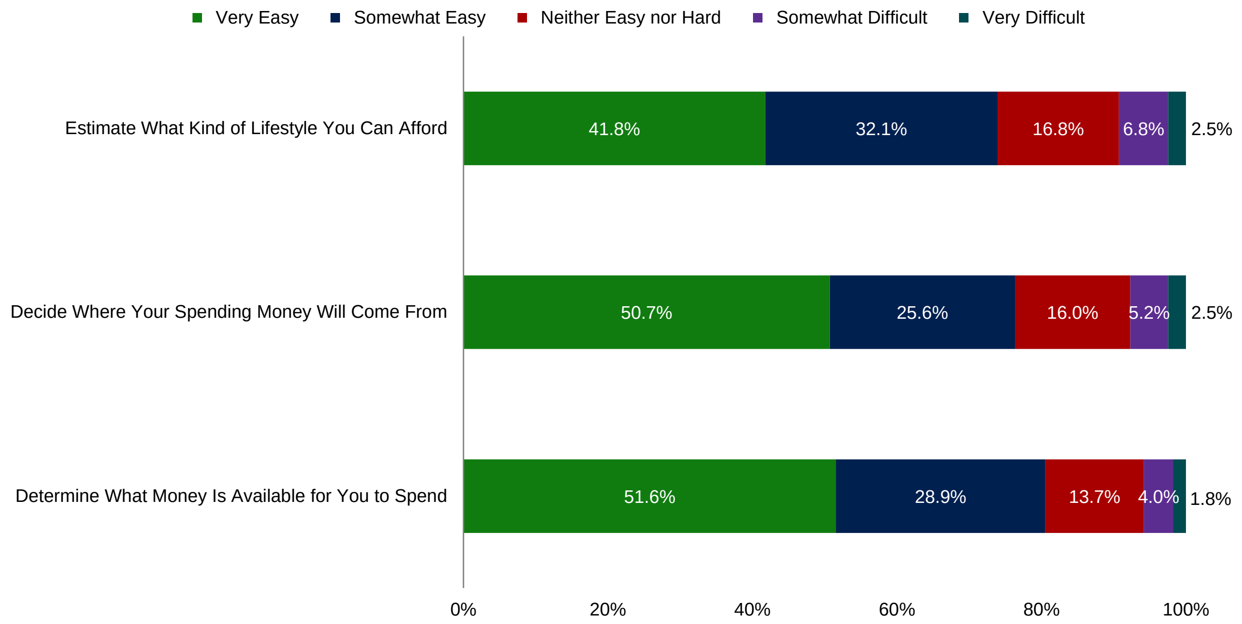
Figure 22
When your investments lose value to market loss or do not produce as much income due to lower interest rates, do you tend to...?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Most retirees found it easy to determine what money is available for them to spend (81 percent), decide where their spending money will come from (76 percent), and estimate what kind of lifestyle they can afford (74 percent) (Figure 23). The exception to all of these, however, was individuals with unmanageable debt: 21 percent found it difficult to determine what money is available for them to spend, 34 percent found it difficult to decide where their spending money will come from, and 29 percent found it difficult to estimate what kind of lifestyle they can afford. Those with manageable debt had only slightly less confidence in all of these areas compared with those with no debt.

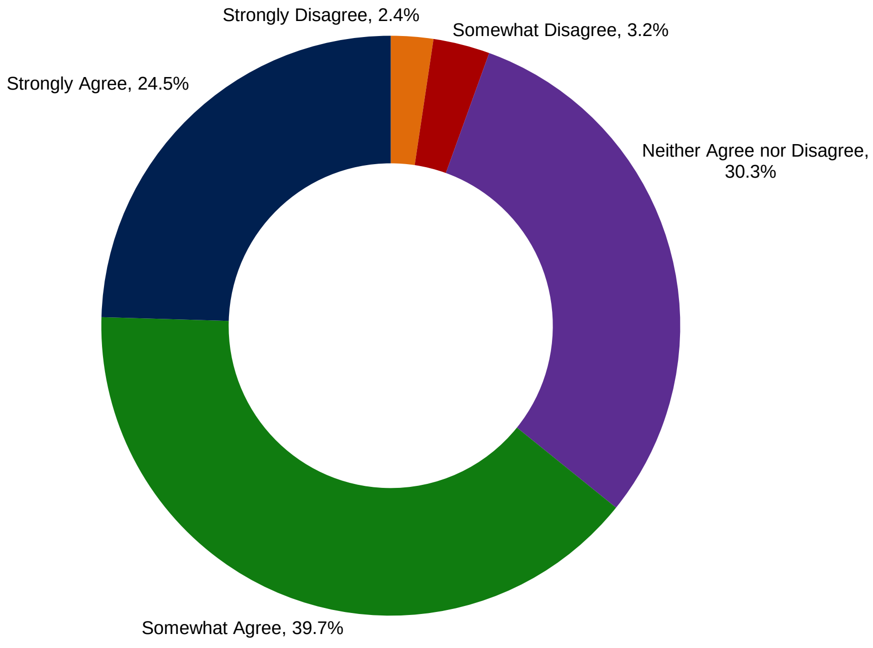
Figure 23
How easy or difficult is it for you to do the following?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Responses indicated that there is a certain amount of fulfillment in maintaining a nest egg during retirement: 64 percent of survey respondents agreed that saving as much as they can makes them feel happy and fulfilled (Figure 24). Those least likely to agree with this were individuals with unmanageable debt (53 percent), with 13 percent of that cohort *disagreeing* with this statement. The reason for this could be that paying down debt would make such individuals happier than saving, or it could simply be that spending makes these individuals happiest — which could be the reason behind the unmanageable debt.

Figure 24
To what extent do you agree or disagree with the following statement?
Saving as much as I can makes me feel happy and fulfilled.



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

How Satisfied Are People in Retirement?

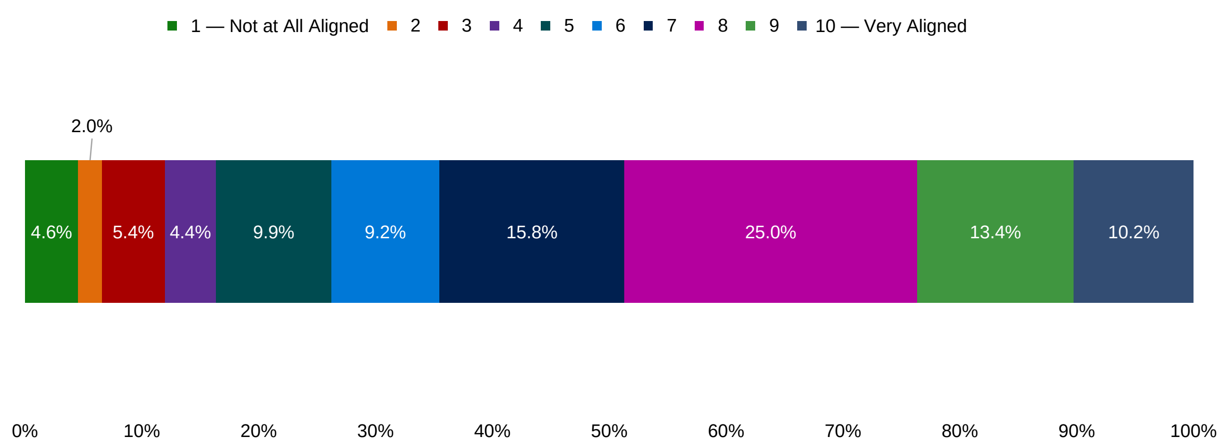
Life in retirement is not often highly aligned with individuals' expectations. Fewer than 1 in 4 (24 percent) respondents scored their current life in retirement as highly aligned with how they expected or planned for their life in retirement to be (9 or 10 on a 1-to-10 scale) (Figure 25). However, the median score was 7, with 16 percent giving a below-average score (below 5).

Women were nearly twice as likely to find that retirement expectations and reality were out of line than men, with 20 percent giving a score below 5 (vs. 11 percent of men). However, women's retirement expectations tended to be loftier than men's, with more women than men citing that everything, including maintaining health and wellness in retirement, spending time with family and friends, enjoying hobbies, volunteering and doing charity work, and learning new skills and taking on new professional challenges, was very or extremely important.

Those reporting unmanageable debt reported the least amount of alignment between their current life in retirement and their retirement expectations: 43 percent gave a rating of below average, and for 16 percent the expectations and reality did not align at all — three times the average.

Figure 25

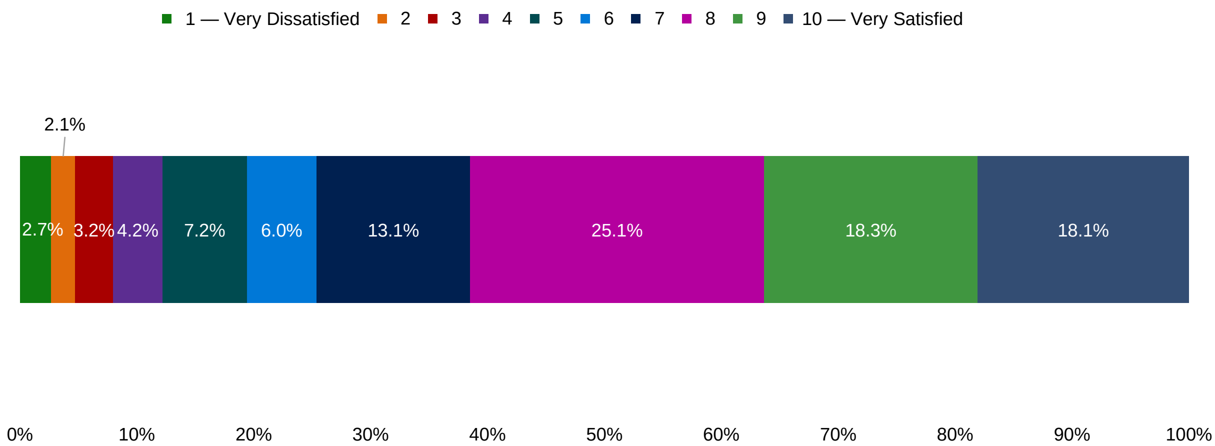
On a scale of 1–10, how aligned is your current life in retirement with how you expected/planned for your life in retirement to be?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Nonetheless, retirement satisfaction tended to be above average. Just over a third of respondents (36 percent) scored their retirement satisfaction as high (9 or 10 on a scale of 1 to 10) (Figure 26). Eight in ten scored their retirement satisfaction as above average (greater than 5). By far the most satisfied respondents were those with excellent health (64 percent ranked their satisfaction as very high). Those with high income (48 percent), high assets (45 percent), and a partner (43 percent) were also more likely to rate their satisfaction in retirement as very high. Interestingly, retirement satisfaction was higher for older retirees (40 percent) than for younger retirees (33 percent). Women's satisfaction in retirement was below that of men, with 76 percent of the former scoring their satisfaction as above average and 86 percent of the latter doing so. The least satisfied group was those with unmanageable debt: More than 4 in 10 (42 percent) registered below-average satisfaction with retirement. This group's satisfaction was lower even than those with less than $10,000 in assets: Two-thirds of this cohort — 68 percent — registered above-average satisfaction in retirement.

Figure 26
On a scale of 1–10, how satisfied are you with your life in retirement?



Source: The Employee Benefit Research Institute's Spending in Retirement Survey.

Conclusion

The survey offers quite a bit of good news: Many are faring well and feel satisfied during retirement, even if they may wish they'd saved more and even when the reality of retirement doesn't quite align with retirement expectations.

However, the survey also reveals that there are some significant divides in retirement between haves and have-nots. Specifically, those with unmanageable or crushing debt — which generally comes in the form of credit card debt — scored poorly by almost every retirement metric. These individuals also showed severe signs of being constrained when it comes to being able to adjust their spending patterns. Other EBRI research[4] points to an increase in debt held by the elderly, signaling that more individuals may fall into the unmanageable debt category going forward. Indeed, according to EBRI's analysis of the Federal Reserve's Survey of Consumer Finances (SCF), families with the oldest (75 or older) heads were the group with the fastest-growing segment of the retired population with debt. The culprit leading the way in 2019 was credit card debt, matching the results found in this survey. The SCF also found racial differences in debt held, with families having minority heads observed to have higher debt-to-asset ratios even for those with heads ages 55 or older. EBRI will be investigating this latter phenomenon in greater depth in the 2021 Retirement Confidence Survey, which will feature an oversample of African American and Hispanic workers and retirees.[5]

Those reporting fair/poor health or low income also showed strains in retirement, including lower life expectancy, lower standard of living, and greater concern about running out of money. Unmarried retirees generally reported being worse off than retirees with partners, less educated retirees reported being worse off than those with a bachelor's degree or higher, and women generally reported being worse off than men in retirement.

Understanding not only how people spend in retirement but why they spend the way they do — including both behavioral and demographic drivers — helps employers and providers better identify the kinds of support that retirees need to navigate the retirement landscape and achieve a satisfying life in retirement.

Endnotes

[1] Numbers may not sum to 100 percent due to rounding.

[2] These were defined in the survey as stocks and mutual funds; checking, savings, and money market accounts; certificates of deposit (CDs), government savings bonds, Treasury bills, and bonds and bond funds; and other savings.

[3] The 6 percent describing their debt status as "No Debt" did report debt, but evidently believed it was de minimis.

[4] Craig Copeland, "Who Is Most Vulnerable to the Ticking Debt Time Bomb in Retirement: Families With the Oldest, Black/African American, and Hispanic Family Heads," *EBRI Issue Brief*, no. 521 (December 17, 2020). https://www.ebri.org/docs/default-source/ebri-issue-brief/ebri_ib_521_debt-17dec20.pdf

[5] Of course, debt can be a lifelong problem. The 2020 Retirement Confidence Survey found: ". . .debt continues to have negative consequences for many workers. Seven in ten with non-mortgage debt say it has impacted their ability to save for retirement or for emergencies. Roughly half say their ability to participate in workplace retirement savings plans or other employee benefits has been impacted." In other words, debt not only impacts how individuals spend down assets in retirement, but it also reduces the ability to save in the first place.

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