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Confidence in Retirement Security Rebounds to Pre-Financial Crisis Levels ***Retiree Confidence Nears All-Time Highs***

WASHINGTON – April 23, 2019 – The 2019 Retirement Confidence Survey (RCS) finds 82 percent of retirees are confident in their ability to live comfortably throughout retirement, up from 75 percent last year and comparable to highs measured in 2005 and 2017. Furthermore, the percentage of workers who say they are *very* confident in their ability to live comfortably throughout retirement reached 23 percent, up from last year’s 17 percent and now reflecting levels measured more consistently in the late 1990s and early 2000s, prior to the financial crisis of 2008.

Now in its 29th year, the annual RCS is the longest-running survey of its kind, measuring worker and retiree confidence about retirement. It is conducted by the Employee Benefit Research Institute (EBRI) and independent research firm Greenwald & Associates.

This year, retirees are also much more likely than last year to be confident in their ability to afford the lifestyle they are accustomed to (77 percent vs. 70 percent) and having enough money to last their entire life (76 percent vs. 67 percent). Eight in ten retirees indicate they are very or somewhat confident they will have enough money to take care of medical expenses, compared with 70 percent in 2018, and retirees are less likely than last year to say their overall expenses, health care expenses, and long-term care expenses are higher than they expected.

The RCS finds that two-thirds of American workers (67 percent) feel confident in their ability to retire comfortably, with 23 percent feeling very confident. This reflects a 6 percentage point increase in the workers who feel very confident over 2018. Though comparable to highs last seen 1997 through 2006 and in 2015 and 2016, worker confidence in 2019 still falls short of the 27 percent high measured in 2007, pre-financial crisis.

“Retirement confidence continues to be closely related to having a retirement plan,” said Craig Copeland, EBRI senior research associate and co-author of the report. “Workers reporting they or their spouse have money in a defined contribution plan or IRA, or have benefits in a defined benefit plan, are nearly twice as likely to be at least somewhat confident about retirement (74 percent with a plan vs. 39 percent without a plan).”

While 72 percent of workers are very or somewhat confident about being able to afford basic expenses in retirement, 41 percent are not confident about their ability to cover medical expenses and nearly half (48 percent) do not feel confident about having enough money for long-term care in retirement.

Workers are also more likely to cite debt as a concern compared with retirees. Sixty-one percent of workers say debt is a problem for them, compared with 26 percent of retirees. “Historically, the RCS has found a correlation between debt levels and retirement confidence,” said Copeland. “In 2019, 41 percent of workers with a major debt problem say that they are very or somewhat confident about having enough money to live comfortably in retirement, compared with 85 percent of workers who indicate debt is not a problem. Thirty-two percent of workers with a major debt problem are not at all confident about their prospects for a financially secure retirement, compared with 5 percent of workers without a debt problem.”

Asked to identify their guiding principle for managing finances in retirement — income stability vs. preserving principal and wealth — a majority of both retirees (65 percent) and workers (74 percent) select “Income Stability: Ensuring a set amount of income for life.” While more than 4 out of 5 retirees and workers indicate that Social Security is or will be a source of retirement income, differences emerge in the income sources (and the stability of those sources) retirees report and the expectations of workers. Eight in ten workers (82 percent), for example, expect income from a workplace retirement savings plan (separate from a pension plan), while just half of retirees (54 percent) report this is a source of income. Also notable, half of workers suggest they expect a product that guarantees income for life, such as an annuity, will be a source of retirement income for them, whereas only a third of retirees (33 percent) receive income from this type of product.

“The most pronounced gap in retiree experience and worker expectation for retirement income sources remains working for pay in retirement,” said Lisa Greenwald, executive vice president of Greenwald & Associates. “Three-quarters of workers believe work for pay will be a source of income in retirement and only a quarter of retirees actually receive income from work. It is risky for workers to assume they will be able to work into retirement when, for so many retirees, this has not been the case. I understand there’s a strong desire for income stability, but for many, continuing to receive a regular paycheck from work may not be the solution.”

The RCS continues to identify a lack of alignment between workers’ expectations about their age of retirement and prospects for working in retirement, compared with retiree experiences. Workers continue to report an expected median retirement age of 65, while retirees report they retired at a median age of 62. The survey has consistently found that 43 percent of retirees leave the workforce earlier than planned, with 35 percent citing illness or disability as the reason and 35 percent retiring due to changes at their company. In keeping with their income expectations, 80 percent of workers expect to work for pay in retirement, while only 28 percent of retirees report that they have actually done this.

The survey report, *The 2019 Retirement Confidence Survey*, is available at ebri.org.

About the Survey:

The 2019 survey of 2,000 Americans was conducted online January 8 through January 23, 2019. All respondents were ages 25 or older. The survey included 1,000 workers and 1,000 retirees. The survey also included an oversample of 307 Gen X workers. Data were weighted by age, gender, and education. The margin of error is ± 3.16 percentage points for both workers and retirees in a similarly sized random sample.

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

About EBRI:

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI conducts objective research and education to inform plan design and public policy, does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public, private, for-profit and nonprofit organizations. For more information go to www.ebri.org or www.asec.org

About Greenwald & Associates:

Greenwald & Associates is a leading, full-service market research firm specializing in retirement, employee benefits, and health care research. For more information, go to www.greenwaldresearch.com