

**Report From 2022 Spending in Retirement Survey Finds Increase in Retirees Spending More Than They Can Afford**

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(Washington, D.C.) – Results from the 2022 Spending in Retirement Survey published today from the Employee Benefit Research Institute (EBRI) found that retirees are spending much higher or a little higher than they can afford in 2022 (17% in 2020 vs 27% in 2022). Black and Hispanic retirees, as well as those in the lower annual household income brackets and poor self-reported health status also indicated their spending is higher than they can afford.

The spending in retirement study was fielded during the summer of 2022. Nearly 2,000 American retirees between the ages of 62 and 75 were surveyed to assess how spending patterns and retirement wellbeing have changed since 2020.

Other key findings in the survey include:

- Among those who decreased either their essential or discretionary spending since the pandemic, the most common reason cited by roughly 9 out of 10 retirees was concern about inflation.
- Overall, approximately 7 in 10 retirees say they have three months of emergency savings. Black and Hispanic retirees, those in lower annual household income segments, low financial knowledge and poor self-reported health status are less likely to report they have 3 months of emergency savings set aside.
- Similar to 2020 survey results, 7 in 10 say Social Security is a major source of their income.
- Approximately half of retirees say they spend less than \$2,000 each month, while 1 in 3 spend between \$2,000 and \$3,999 each month. Sixteen percent spend between \$4,000 and \$6,999, with only 3% spending \$7,000 or more each month.
- On average, retirees rate their satisfaction in retirement as 7.0 in 2022, compared to 7.4 in 2020 (on a scale of 1 to 10). Similarly, retirees rated their alignment of life in retirement with expectations with an average 6.4 in 2022, down from an average of 6.8 in 2020.
- Retiree segments that reported lower senses of wellbeing across the measures of standard of living, alignment, and satisfaction included without defined benefit or other annuity income, with low financial knowledge, those not using a financial advisor, who are not married and who are female.

“The 2022 Spending in Retirement Survey reveals that certain measures of retiree wellbeing have stagnated or declined since the pandemic. Specifically, the average ratings for alignment and satisfaction have declined since 2020, while more retirees say that spending has increased and is higher than they can afford. Inflation appears to be a major driver of the misalignment between expectations and reality, a double-edged sword that undoubtedly increases actual spending but also reduces spending, likely out of a desire to protect future purchasing power,” explained Bridget Bearden, Ph.D., research and development strategist, EBRI.

“Having a spending plan before transitioning to retirement is important in retirement wellbeing. This study underscores how expanding availability of professional financial help and improving awareness of protected income options contribute to comprehensive spending plans for retirement and can improve retirement security,” said Jason Fichtner, Ph.D., senior fellow, Alliance for Lifetime Income & Retirement Income Institute.

The sample of 1,998 included American retirees between the ages of 62 and 75, inclusive. The majority of the retirees surveyed were in their 60s. The average birth year for the sample was 1955, reflecting an average age of 66 for year-end 2021. Median birth year and age were similar, at 1956 and 65 years respectively, as of year-end 2021. Survey respondents were 45% male and 55% female. Over half (56%) reported being married or living with a partner and 44% reported being divorced, separated or widowed.

Development of this research study was conducted through the financial support from the EBRI Retirement Security Research Center, Alliance for Lifetime Income, LGIM and Edelman Financial Engines. To view the complete 22-page Issue Brief, “2022 Spending in Retirement Survey: Understanding the Pandemic’s Impact,” visit <https://www.ebri.org/spending-in-retirement-survey>.

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