

Results From the 2024 Retirement Confidence Survey Find Workers' and Retirees' Confidence Has Not Recovered From the Significant Drop Seen in 2023, but Majorities Remain Optimistic About Retirement Prospects

- However, almost 8 in 10 workers and 7 in 10 retirees are concerned that the U. S. government could make significant changes to the American retirement system -

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(Washington, D.C.) – A new report published today from the 34th annual Retirement Confidence Survey finds workers' and retirees' confidence has not yet fully recovered from the significant drop seen in 2023, but majorities remain optimistic about their retirement prospects and the lifestyle they envisioned. The Retirement Confidence Survey (RCS) is the longest-running survey of its kind measuring worker and retiree confidence and is conducted by the Employee Benefit Research Institute (EBRI) and Greenwald Research.

“Overall, two-thirds of the workers and three-fourths of the retirees are very or somewhat confident about having enough money to live comfortably in retirement, which is unchanged from 2023. The survey also shows that workers and retirees are confident that government programs such as Social Security and Medicare will provide benefits of equal value to today and believe they understand the Social Security program,” said Craig Copeland, director, Wealth Benefits Research, EBRI. “Confidence is similar across all ages. But, in some cases, younger workers are actually more confident in certain aspects of retirement. For generation specific results, Boomers and Millennials reported higher confidence in having enough money to live comfortably throughout retirement than Gen Xers.”

The 2024 survey of 2,521 Americans (1,255 workers and 1,266 retirees) was conducted online from Jan. 2-31, 2024. All respondents were ages 25 or older and were prompted to respond to questions about retirement confidence, financial health & concerns, retirement savings & preparation, healthcare in retirement, workplace savings, retirement income, transition to retirement and trusted sources of information.

“Workers and retirees are also concerned that their retirement could be impacted by the U. S. government making changes to the American retirement system. In fact, 79% of workers and 71% of retirees have this concern,” said Lisa Greenwald, CEO, Greenwald Research. “Inflation’s impact on their retirement also remains a concern among workers and retirees.”

Key findings in the 2024 RCS report include:

- **Workers' and retirees' confidence has not yet fully recovered from the significant drop seen in 2023, but majorities remain optimistic about their retirement prospects.** While Americans' confidence has not returned to prior levels, there are signs that it is making a positive recovery as 68% of workers and 74% of retirees are confident they will have enough money to live comfortably throughout retirement. However, this is not a significant increase from last year. Perhaps contributing to this positive trend upward is workers' and retirees' increased confidence in their income. According to the U.S. Census, wage growth is now outpacing inflation growth. Americans are starting to feel this shift as 28% of workers and 32% retirees who are confident feel that way due to their finances. However, inflation remains as a top reason for Americans' lack of confidence. Among those who do not feel confident, 31% of workers and 40% of retirees cite inflation as the reason why. Additionally, 39% of workers and 27% of retirees who are not confident feel this way due to their lack of savings.
- **Social Security remains the top source of actual and expected income for Americans in retirement.** Most workers (88%) expect Social Security to be a source of income in retirement. Retirees confirm this sentiment as nearly all (91%)

report Social Security as a source of income. However, nearly twice as many retirees (62%) report Social Security is a major source of income than what workers (35%) expect it to be. While most Americans expect/report Social Security as a source of income in retirement, fewer understand it, but those who understand it are a clear majority. Two-thirds of workers and three-quarters of retirees understand Social Security and the various employment and claiming decisions that impact their retirement benefits at least somewhat well. While most claim they understand Social Security, fewer than half of workers have reviewed the amount of their Social Security benefits at their planned retirement age, and 59% have thought about how the age at which they claim Social Security will impact the amount they receive. Expectedly, significantly more retirees than workers have completed either task, with 77% having undertaken each.

- **Workers expect to claim Social Security as soon as they retire but also expect to work for pay in retirement.**

Workers believe they will start claiming Social Security benefits at a median age of 65, which is the same age workers expect to retire. While age 65 has been the historical median age workers expect to retire, significantly more workers (28%) this year expect to retire at age 65. Retirees, on the other hand, report retiring at a significantly lower age than workers anticipate. Most retirees, 7 in 10, report retiring earlier than age 65, with a median retirement age of 62. Also contradicting workers' expectations, retirees report collecting Social Security later into their retirement but earlier than workers' expectations at around age 64. Similar to last year, half of retirees say they retired earlier than expected. While 2 in 5 retirees who retired early say they did so because they could afford to, nearly 7 in 10 retirees indicate the reason was out of their control.

- **Americans' retirement calculations result in a desire to save more, as estimations drastically differ from what Americans currently have.** Half of Americans have tried to calculate how much money they will need in retirement. In reaction to their calculation, 52% of workers and 44% of retirees started to save more. Even though 7 in 10 workers and nearly 8 in 10 retirees have saved for retirement, this renewed interest in saving is spurred by the drastic difference in what Americans believe they will need for retirement compared to how much they currently have saved. A third of workers who tried to calculate how much they will need in retirement estimate they will need \$1.5 million or more. However, a third of workers currently have less than \$50,000 in savings and investments. In addition, 14% of workers have less than \$1,000 in savings and investments. As part of their retirement preparations, half of the workers have estimated how much income they will need each month in retirement. While a quarter of workers do not know how much pre-retirement income they will need to replace in retirement, an additional quarter of workers believe they will need to replace 75% or more of their pre-retirement income.

- **Workers would like help saving for emergencies through their retirement plan.** Two-thirds of workers and almost three-quarters of retirees believe they have enough savings to handle an emergency expense. Additionally, almost half of workers have planned how they will cover an emergency expense in retirement. However, the ability to save for emergencies is at the top of workers' list of valuable improvements they would like to see be made to their retirement savings plan. Some Americans are already using their retirement plans to pay for emergencies as nearly 1 in 5 have taken a loan or withdrawal from their retirement plan. Many of those who took money from their plan did so to pay for unforeseen circumstances such as making ends meet (30%), paying for a home or car repair (17%), and covering a medical expense (15%).

- **Workers are more likely this year to want to purchase a guaranteed income product with their retirement savings.** Among workers who are offered a workplace retirement savings plan, one-third believe having investment options that provide guaranteed lifetime income to be the most valuable improvement to their plan. This landed second on workers' list of most valuable improvements to their plan. Significantly up this year, more workers who are contributing to their employer's retirement savings plan, 3 in 10, expect to use savings from their workplace retirement savings plan to purchase a product that guarantees monthly income for life once they retire. This is substantiated by the fact that 83% of workers who are participating in a workplace retirement plan would be interested in using some or all of their retirement savings to purchase a product that guarantees monthly income.

- **While expenses in retirement are higher than some retirees originally anticipated, retirees' lifestyle in retirement is better than they expected.** Significantly up this year, over a third of retirees say their travel, entertainment or leisure expenses are higher than they expected. While half of retirees say their overall expenses in retirement are higher than

they originally expected, nearly 4 in 5 say they are able to spend money how they want within reason. Despite higher-than-expected costs, significantly more retirees this year, 3 in 10, believe their overall lifestyle in retirement is better than expected. Additionally, over two-thirds of retirees agree they are having the retirement lifestyle they envisioned. A quarter of retirees strongly agree with this statement.

The 34th annual RCS report can be viewed by visiting www.ebri.org/retirement/retirement-confidence-survey. The 2024 survey report was made possible with support from American Funds / Capital Group, Ameriprise Financial (Columbia Threadneedle), Bank of America, Empower, Fidelity Investments, FINRA, Jackson National, JPMorgan Chase, Mercer, Mutual of America, Nationwide, National Endowment for Financial Education, PGIM, Principal Financial Group, T. Rowe Price, USAA and Voya Financial.

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(MEDIA NOTE: Email Ron Dresner at dresner@ebri.org to receive a 2024 survey summary report).