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New Research from EBRI:

2017 RCS: Many Americans Are Stressed About Retirement, Aren't Taking Steps to Prepare

WASHINGTON—Many American workers today are feeling stressed about retirement and are not taking steps to prepare for it. And those feeling stressed have lower levels of retirement confidence and are less likely to feel financially secure, according to the 2017 Retirement Confidence Survey (RCS) by the nonpartisan Employee Benefit Research Institute (EBRI) and Greenwald & Associates.

This is the 27th annual RCS, the longest-running survey of its kind in the nation, canvassing both current workers and retirees.

This year's RCS finds that 3 in 10 workers report that they feel mentally or emotionally stressed about preparing for retirement. In addition, another 3 in 10 say that they worry about their personal finances while at work (30 percent). Half of these workers believe they would be more productive at work if they didn't spend time worrying. Among all workers, about half say that retirement planning (52 percent), financial planning (49 percent), or healthcare planning (47 percent) programs would be helpful in increasing their productivity.

Yet, many workers are not taking critical retirement-planning steps. Six in 10 workers (61 percent) say they have saved for retirement. Just 4 in 10 have tried to figure out how much money they will need in retirement (41 percent). In addition, similarly low shares have estimated how much income they would need each month in retirement (38 percent) estimated the amount of their Social Security benefit (38 percent), or estimated their expenses in retirement (34 percent).

"I continue to be struck by the relatively small share of workers who do formal retirement planning. Use of a financial advisor increases with age and income, but just 23 percent of workers say that they have spoken with a professional advisor about retirement planning and only 1 in 10 report they have prepared a formal plan for retirement," said Lisa Greenwald, assistant vice president of Greenwald & Associates, and co-author of the report. "Some of these critical retirement planning steps don't cost workers anything, like estimating Social Security or thinking through what your expenses may be in retirement."

As earlier waves of the RCS has found, far more retirees report confidence in affording a comfortable retirement than do workers. Almost 80 percent of retirees report feeling either very or somewhat confident

about having enough money to live comfortably throughout their retirement years, including one-third of retirees who feel very confident (32 percent).

But among workers, 18 percent feel very confident. The share of workers reporting that they feel either very or somewhat confident is lower than last year (60 percent from 64 percent in 2016). However, worker confidence is very close to the levels measured in 2015 (when 59 percent were either very or somewhat confident).

“The percentage of workers who feel very confident in being able to afford a comfortable retirement is low,” said Craig Copeland, EBRI senior research associate and co-author of the report. “Furthermore, many workers are worried about retirement issues and their personal finances more broadly. The key factors are debt, lack of a retirement plan at work, and low savings.”

Copeland noted that workers who feel their debt is a major problem have notably lower retirement confidence (32 percent are very/somewhat confident vs. 78 percent among those who say debt is not a problem), while those who have a retirement plan have markedly higher confidence (71 percent very/somewhat confident vs. 33 percent among those who do not have a retirement plan).

Among the major findings in this year’s RCS:

- **Importance of a retirement plan:** Workers who have a retirement plan, whether a defined contribution plan, defined benefit plan, or IRA, have saved more than those without a plan, have taken more steps to prepare for retirement and feel less stressed about retirement preparations.
- **Saving incentives:** Nearly 3 in 4 workers (73 percent) not currently saving for retirement say they would be at least somewhat likely to save for retirement if contributions are matched by their employer. Approximately two-thirds of non-saving workers say they would be likely to save for retirement if automatic paycheck deductions with the option of changing or stopping them, at either 3 percent or 6 percent of salary, were used by their employer.
- **Financial wellness:** Stress about retirement preparations and worry over personal finances at work are causing some workers to be less productive. Among all workers, majorities feel retirement, financial and healthcare planning programs would be helpful in increasing productivity.
- **Healthcare in retirement:** Workers are far less confident than retirees about being able to afford healthcare in retirement. Roughly half of workers (54 percent) say they’re very or somewhat confident about being able to afford medical expenses in retirement (vs. 77 percent of retirees). Workers are also less confident than retirees that Medicare will continue to provide the same level of benefits that retirees receive today (38 percent of workers vs. 52 percent of retirees).

The full report, “The 2017 Retirement Confidence Survey: Many Workers Lack Retirement Confidence and Feel Stressed About Retirement Preparations,” is published in the March 21, 2017, *EBRI Issue Brief*, available online at www.ebri.org

About the Survey: The survey was conducted from Jan. 6, 2017, to Jan. 13, 2017, through online interviews with 1,671 individuals (1,082 workers and 589 retirees) ages 25 and older in the United States. The results have a margin of error of plus or minus 3.0 percentage points for workers and 4.1 percentage points for retirees.

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