The past few years saw a sharp decline in Americans’ confidence about their ability to secure a financially comfortable retirement. What has happened to confidence now that some economic indicators are improving?

Confidence of a Comfortable Retirement

The 2012 Retirement Confidence Survey (RCS) finds that worker confidence in having enough money to live comfortably throughout their retirement years is stagnant. The percentage very confident remains at 14 percent, level with the percentages measured in 2010 (16 percent) and 2011 (13 percent), and well below the high of 27 percent observed in 2007. Twenty-three percent say they are not at all confident about having a comfortable retirement, a slight decrease from the 27 percent observed in 2011 (Figure 1).

Retiree confidence in having enough money for a comfortable retirement, which plateaued in 2010, is statistically unchanged in 2012. Twenty-one percent say they are very confident, and 19 percent indicate they are not at all confident of having a comfortable retirement (Figure 2, next page).
Worker Confidence in Other Financial Aspects of Retirement

Workers express the highest levels of confidence about their ability to pay for basic expenses in retirement (26 percent are very confident). They are less likely to feel very confident about their ability to pay for medical expenses after retirement (13 percent) and least likely to feel very confident about paying for post-retirement long-term care expenses (9 percent). These levels have remained statistically unchanged since 2010 and remain well below those measured in 2007 (Figures 3, 4 and 5).
The percentage of workers saying they are very confident that they are doing a good job of preparing for retirement remains unchanged (19 percent in the 2012 RCS, statistically equivalent to the levels measured since 2008). However, the percentage not at all confident in their financial preparations for retirement is slowly creeping upwards; from 12 percent in 2008 to 14 percent in 2009 to 17 percent in 2011 and 19 percent in 2012 (Figure 6, next page).
Retiree Confidence in Other Financial Aspects of Retirement
Retiree confidence about these financial aspects of retirement has shown little change since 2009. The percentages saying they are very confident about having enough money for basic expenses (32 percent), medical expenses (24 percent), and long-term care expenses (18 percent) are statistically unchanged over this period. The percentage very confident that they did a good job of preparing financially for retirement has also remained level (27 percent).

Immediate Financial Concerns
One reason that retirement confidence may have stagnated is that many Americans seem preoccupied by more immediate financial concerns. Asked to name the most pressing financial issue facing most Americans today, both workers and retirees are most likely to identify job uncertainty (42 percent of workers and 41 percent of retirees).

Many workers also carry a substantial level of debt. Twenty percent of workers and 12 percent of retirees report their level of debt is a major problem, and an additional 42 percent of workers and 25 percent of retirees describe it as a minor problem. This level of debt is strongly related to retirement confidence (Figure 7, next page).
In addition, few are optimistic about the immediate financial future. In particular, just 16 percent of workers and 11 percent of retirees are very confident that their investments will grow in value (Figure 8).