2019 RCS Fact Sheet #2
Expectations About Retirement

Many workers continue to say they are behind in their retirement preparations, including saving for retirement. Consequently, what sources of income do workers expect to receive in retirement? How do workers’ expectations align with retirees’ experiences?

Postponing Retirement
As in prior years, there is a big gap between when active workers expect to retire and retirees say they actually did: Workers continue to report an expected median retirement age of 65, while retirees report they retired at a median age of 62 (Figure 1).

Workers are notably more likely to say they expect to retire at ages 70 or older. More than 3 in 10 (34 percent) workers expect to retire at 70 or beyond or not at all, while only 6 percent of retirees report this was the case. Just 13 percent of workers say they plan to retire before age 60, compared with 38 percent of retirees who report they retired that early. Nineteen percent of workers say they plan to retire between the ages of 60 and 64, although 33 percent of retirees say they retired in that age range. This difference between workers’ expected retirement age and retirees’ actual age of retirement suggests that a considerable gap exists between workers’ expectations and retirees’ experiences.

A small share of workers is adjusting their expectations about when to retire, perhaps in recognition of the fact that their financial preparations for retirement may be inadequate. In 2017, 14 percent of workers said the age at which they expected to retire changed in the past year, and of those, the large majority (78 percent) reported their expected retirement age increased.
Workers planning to delay retirement gave the following reasons:\(^a\)

- Can’t afford to retire (49 percent)
- Lack faith in Social Security (46 percent)
- Health care costs (45 percent)
- Wanting to make sure they have enough money to retire comfortably (44 percent)
- Higher-than-expected cost of living (41 percent)
- Need to pay current expenses first (36 percent)
- The poor economy (32 percent)

The RCS has consistently found that a large percentage of retirees leave the workforce earlier than planned (43 percent) (Figure 2). Many who retired earlier than planned did so because of a hardship, such as a health problem or disability (35 percent). Over one-third say they retired due to changes at their company (35 percent) and a similar share say they could afford to retire earlier (33 percent).\(^b\) This tendency to retire earlier than planned may explain the considerable gap that exists between workers’ expectations and retirees’ experiences.

As one might expect, workers who are not confident about their financial security in retirement plan to retire later, on average, than those who express confidence. For example, 64 percent of workers who are not confident in their retirement financial prospects say they either will not retire or do not know when they will retire, compared with 27 percent who are very confident.

\(^a\) Workers could have delayed retirement for more than one reason.
\(^b\) Retirees could have retired for more than one reason.
**Working for Pay in Retirement**

Four in five workers (80 percent) plan to work for pay in retirement, compared with just 28 percent of retirees who report they have actually worked for pay in retirement. In fact, the RCS has consistently found that workers are far more likely to plan to work for pay in retirement than retirees are to have actually worked (Figure 3).

Almost all retirees who worked for pay in retirement gave a positive reason for doing so, saying they continue to work because they want to stay active and involved (91 percent), they enjoy working (89 percent), or a job opportunity came along (58 percent). However, they report that financial reasons also played a role in that decision, such as wanting money to buy extras (75 percent), needing money to make ends meet (37 percent), a decrease in the value of their savings or investments (28 percent), or keeping health insurance or other benefits (16 percent).^c^  

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**Sources of Retirement Income**

While almost all retirees (88 percent) report that Social Security provides a source of retirement income for them and their spouse's retirement (59 percent say it is a major source of income), workers and their spouses continue to expect to draw their retirement income from a wide variety of sources.

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^c^ Retirees could have worked for pay in retirement for more than one reason.

©2019 EBRI/Greenwald Retirement Confidence Survey
Eighty-four percent of current workers expect Social Security to be a major or minor source of income in retirement, but they believe that personal savings will also play a large role with 82 percent saying they anticipate receiving retirement income from a workplace retirement savings plan, 69 percent from an individual retirement account, and 74 percent from personal retirement savings and investments. Seventy-four percent expect work for pay to provide income in retirement, 60 percent expect to receive income from a defined benefit or traditional pension plan, and 49 percent from a financial product that guarantees monthly income for life. In contrast to workers’ expectations, retirees are less likely to rely on any form of personal savings or on employment for their income in retirement (Figure 4).

Figure 4
Worker Expectations for Sources of Income in Retirement vs. Retirees’ Actual Income Sources

To what extent do you expect the following will be a source of income in retirement?
Workers planning to retire n=888; Retirees n=1,000

<table>
<thead>
<tr>
<th>Source</th>
<th>Worker</th>
<th>Retiree</th>
<th>Major Source</th>
<th>Minor Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>30%</td>
<td>69%</td>
<td>55%</td>
<td>24%</td>
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<tr>
<td>Workplace retirement savings plan</td>
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<td>51%</td>
<td>31%</td>
<td>64%</td>
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<tr>
<td>Work for pay</td>
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<td>17%</td>
<td>49%</td>
<td>74%</td>
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<tr>
<td>Individual retirement account</td>
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<td>34%</td>
<td>61%</td>
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<tr>
<td>Personal retirement savings and investments</td>
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<td>38%</td>
<td>69%</td>
</tr>
<tr>
<td>Defined benefit or traditional pension plan</td>
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<td>43%</td>
<td>33%</td>
<td>21%</td>
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<tr>
<td>A product that guarantees monthly income</td>
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<td>19%</td>
<td>35%</td>
<td>49%</td>
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