

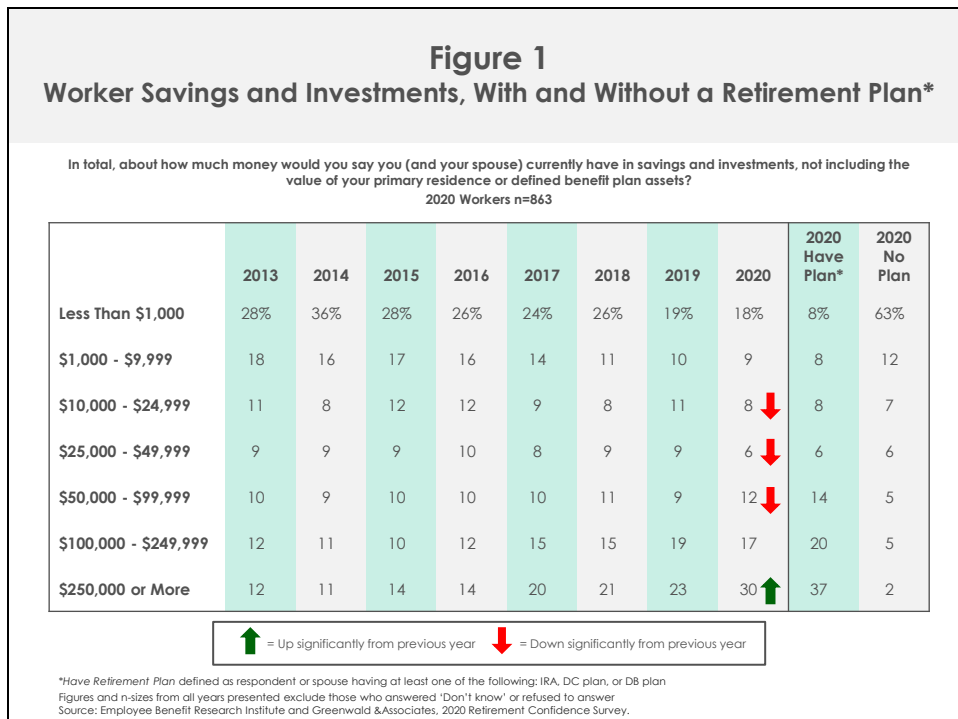
**2020 RCS FACT SHEET #7**

**Workplace Retirement Savings Plans  
Impact on Assets and Satisfaction**

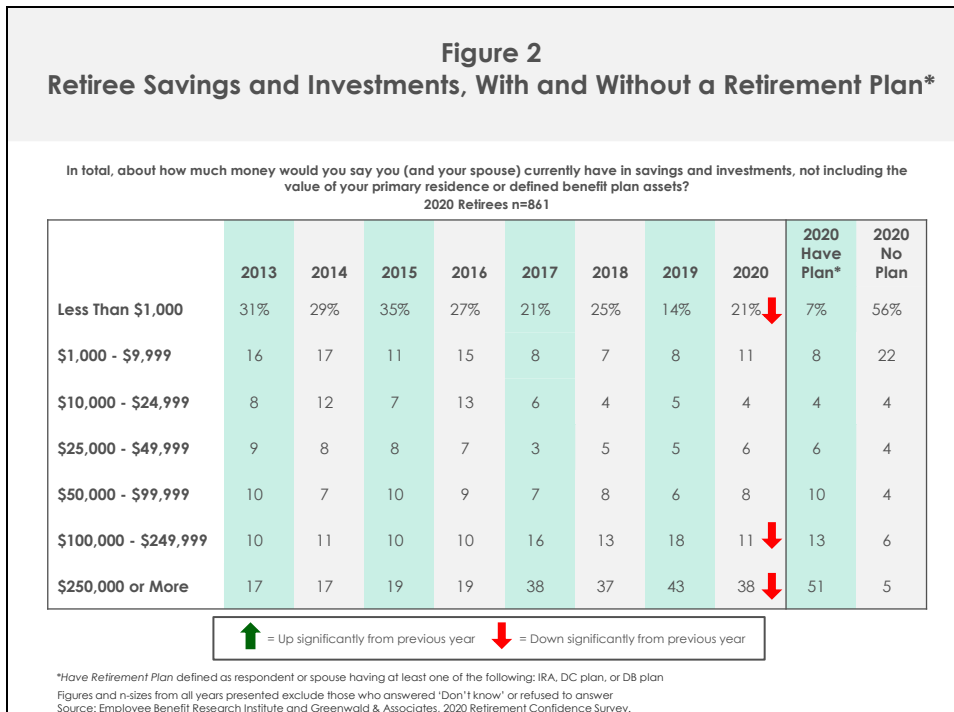
Are the levels of assets held by households having retirement plans larger than for those without a plan? How satisfied are workers with workplace retirement savings plans? What do workplace retirement savings plan participants understand about target-date funds (TDFs)?

**Savings and Investments With and Without a Retirement Plan**

Among workers who provide the value of their savings and investments outside of the value of their home and any defined benefit plan assets, 30 percent report that they have \$250,000 or more in assets and 27 percent have less than \$10,000 (Figure 1). However, the savings and investments between those with and without a retirement plan (defined contribution plan, individual retirement account (IRA), or defined benefit plan) are starkly different. For those with a retirement plan, only 15 percent report less than \$10,000 in savings and investments and 37 percent have \$250,000 or more. In contrast, 75 percent of those without a retirement plan have less than \$10,000 in savings and investments, and only 2 percent have \$250,000 or more.

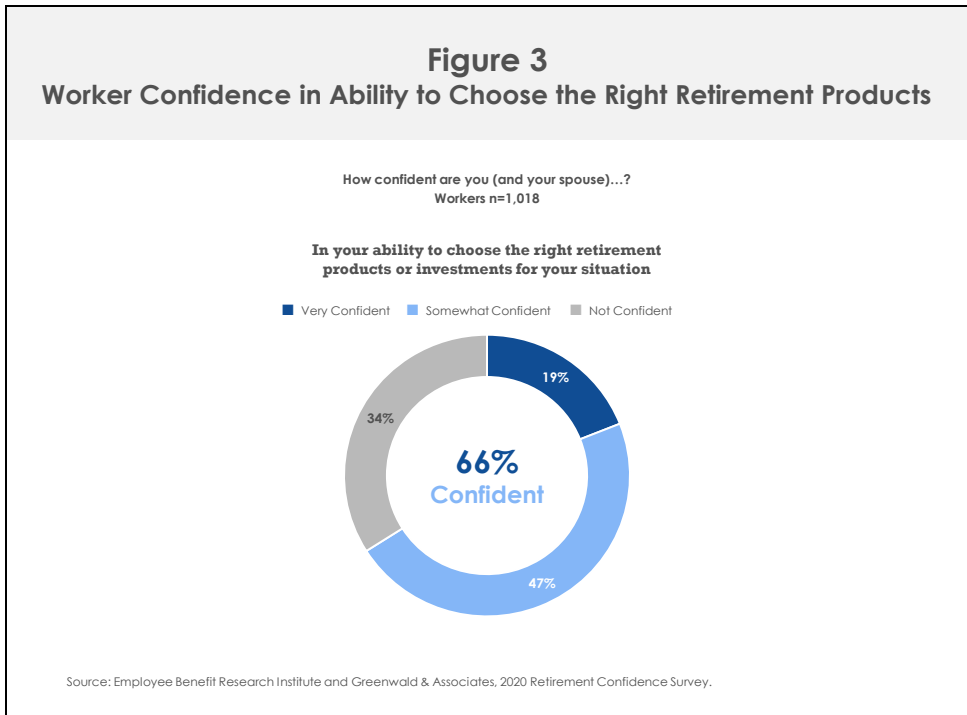


The difference between the savings and investments of retirees with and without a retirement plan is just as glaring. Over half (51 percent) of retirees with a retirement plan report having \$250,000 or more in savings and investments, while only 16 percent have less than \$10,000. Retirees without a retirement plan are much more likely to have less than \$10,000 in savings and investments — 79 percent. Only 5 percent of retirees without a retirement plan have \$250,000 or more in savings and investments (Figure 2).



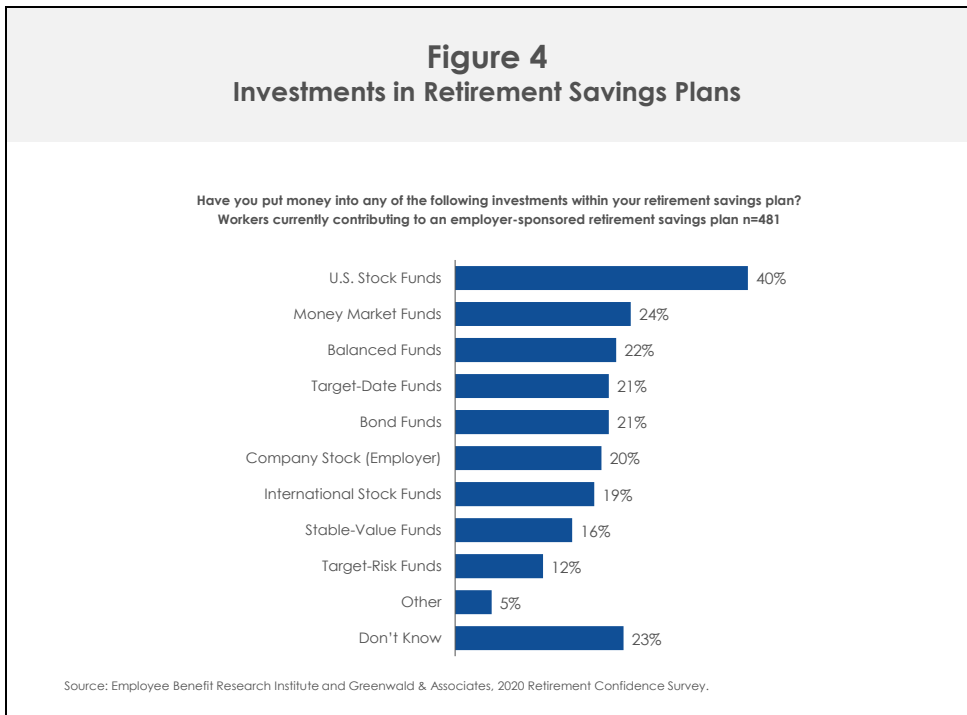
## Confidence in Choosing the Right Retirement Products

Two-thirds (66 percent) of workers are very or somewhat confident in their ability to choose the right retirement products or investments for their situation. However, only 19 percent are very confident (Figure 3). There are no significant differences by the age of the workers, as approximately two-thirds of workers in each age group are very or somewhat confident in their ability to choose the right retirement products. Consequently, older workers have not grown more confident in their choices of retirement products.



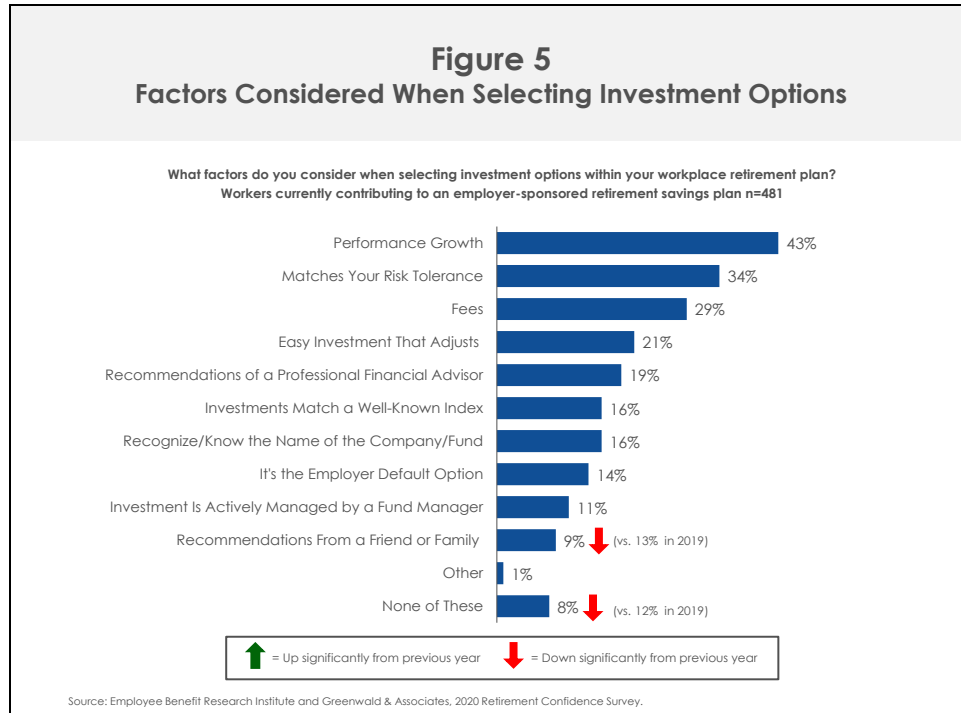
## Investments in Retirement Savings Plans

Of workers currently contributing to an employer-sponsored retirement savings plan, the most common investment that these workers put money into is U.S. stock funds (40 percent). The next most common investment is money market funds (24 percent). However, the most discouraging result is that 23 percent report not knowing which investments they have put money into (Figure 4).



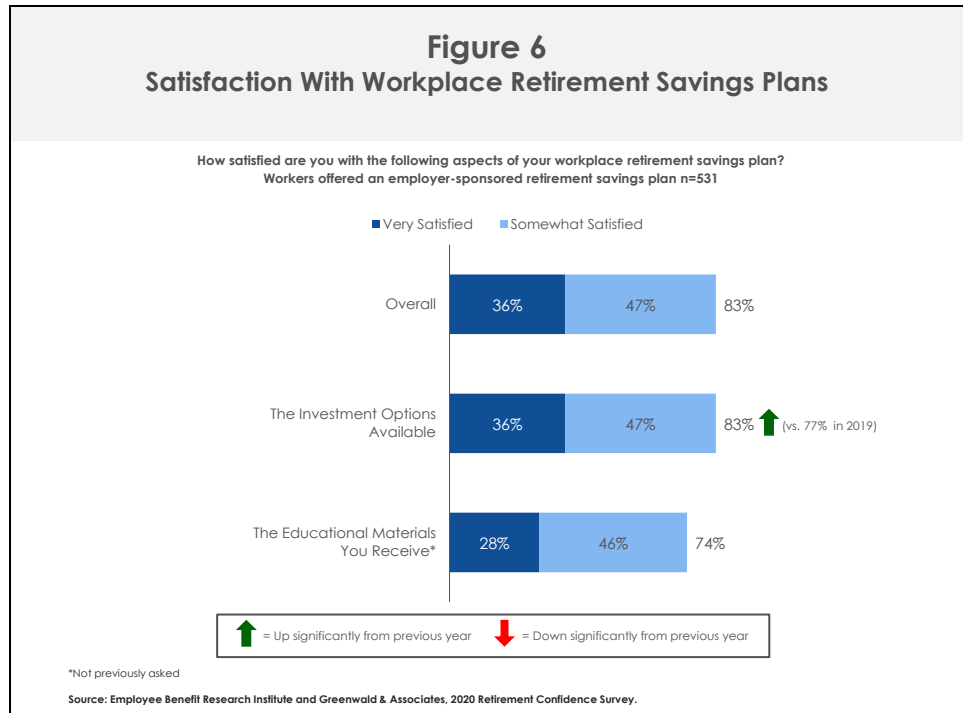
## Factors Considered When Selecting Investment Options

When choosing investments, the factor most often cited by workers currently contributing to an employer-sponsored retirement savings plan is the performance growth of the investment (43 percent). After that, the investment matching their risk tolerance (34 percent) and fees (29 percent) are cited. Recommendations of a financial advisor are mentioned by 19 percent of these workers, reflective of the relative low use of financial advisors, particularly among those who are younger and have lower incomes (Figure 5).



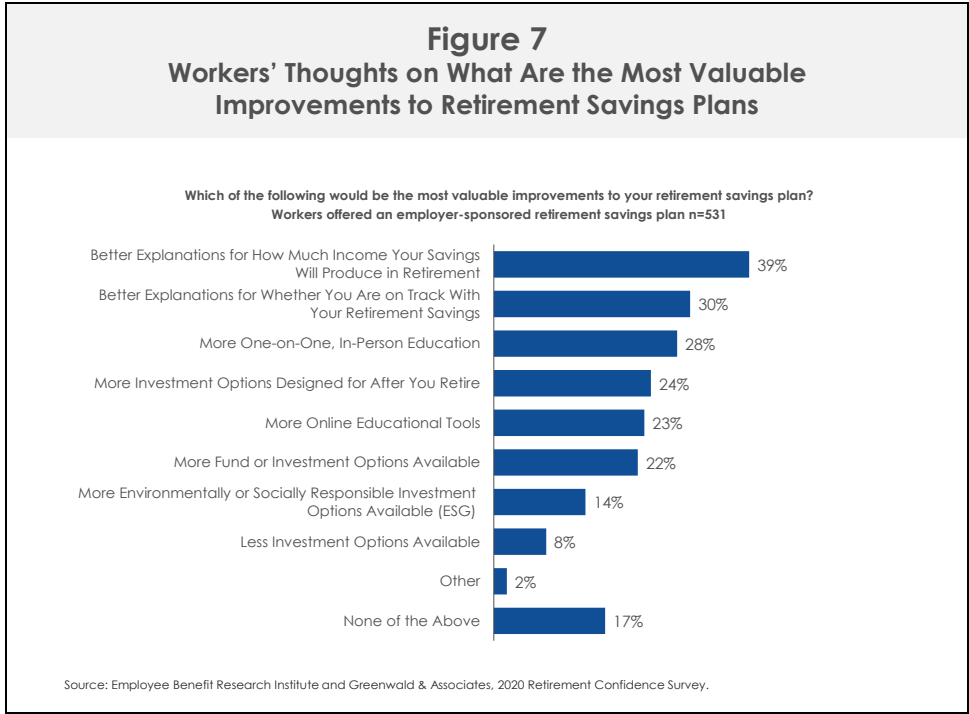
## Satisfaction With Workplace Retirement Savings Plans

Eight in ten workers (83 percent) are very or somewhat satisfied with their workplace retirement savings plan (Figure 6). Furthermore, the same percentage of workers are very or somewhat satisfied with the investment options in their plan, which is up from the 2019 Retirement Confidence Survey at 77 percent. A lower share of workers are satisfied with the educational materials they receive for the plan (74 percent). There are no significant differences in the worker satisfaction in these aspects of retirement savings plans by age and income, except for workers ages 25–34 being less satisfied with the educational materials they receive from the plan (63 percent for those ages 25–34 vs. 78 percent for those ages 55 or older).



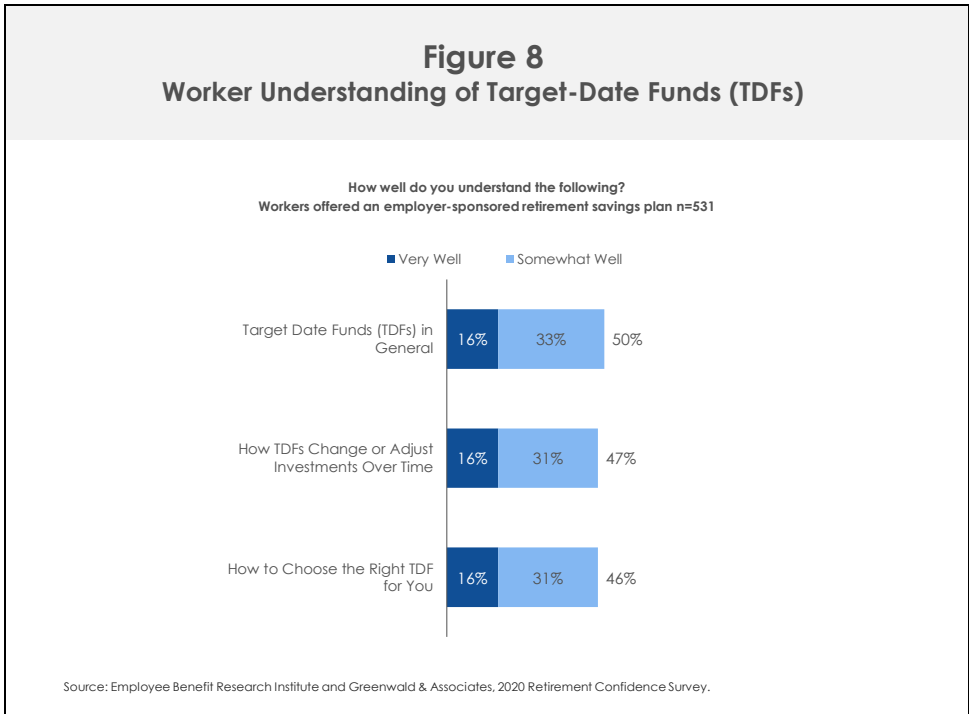
## Improvements to Retirement Savings Plans

When workers who are offered a workplace retirement savings plans are asked what the most valuable improvements to their workplace retirement savings plan would be, the most cited improvement is better explanations for how much income their savings will produce in retirement (39 percent). Thirty percent say better explanations for whether they are on track with their retirement savings would be the most valuable improvement and 28 percent say it would be more one-on-one, in-person education. About 1 in 4 of these workers also cite more investment options designed for after retirement (24 percent), more online educational materials (23 percent), and more fund or investment options available (22 percent). Less investment options is the least often cited improvement (Figure 7).



## Worker Understanding of Target-Date Funds (TDFs)

Workers who are offered a workplace retirement savings plan are asked about their understanding of specific aspects with regard to TDFs. In general, half of these workers say they understand how TDFs work very or somewhat well. About the same amount say they understand how TDFs change their investments over time and how to choose the right TDF (Figure 8).



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