

Greenwald's Comments
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2021 Retirement Confidence Survey
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Thanks, Craig, and good afternoon all.

Admittedly, when we first saw these high confidence numbers, they struck me as counterintuitive. 2020 was such a difficult year for so many reasons; how could this be? But I think it's important to remember that retirement confidence is a feeling, and not always a reality. For workers, I believe we may have captured a feeling of optimism that the pandemic and its impact will subside and that they still have time to prepare for a financially secure retirement.

Retirees also reported high confidence, and other metrics of their wellbeing in retirement remained high and seemingly defiant of a year in which we lived through a pandemic, that threatened seniors especially.

But it does make some financial sense. In some ways, the market defied the pandemic and retirees tend to be more conservatively invested anyway. With only 3 in 10 retirees reporting that they have ever worked in retirement, they were at lower risk of job or income loss. Only 1 in 10 retirees had this type of negative impact from the pandemic, compared to 4 in 10 among workers. There was, however, a corresponding decline in the share of retirees who say that work for pay is a source of income for them; it was 31% who claimed this as an income source in 2020 and 23% said it was a source this year.

Social Security – which is a *major* source of income for 6 in 10 retirees – continued to make payments, and Social Security recipients received stimulus payments. In fact, confidence in Social Security continuing to

provide benefits of at least equal value to those received today reached an all-time-high among both retirees at 72% and workers at 53%.

All said, 8 in 10 retirees report that their overall lifestyle in retirement is as or better than expected – including traveling, spending time with family, or volunteering – question wording we deliberately left in from prior years to see if we could capture a change given the restrictions during 2020. 28 percent say their retirement lifestyle is better than they expected. These results are virtually identical to those measured pre-pandemic, in January 2020.

6 in 10 retirees say their overall expenses in retirement are as expected. Just 26% say spending and expenses are higher than an expected – a decrease from last year. It seems retirees adapted, both their expectations and their spending.

For years, the RCS has demonstrated a reluctance among retirees to spend down their nest eggs. This year, about 4 in 10 each say they aim to maintain their assets or to grow them. The share who aim to increase is notably higher than the 24% measured last year.

Just 4% of retirees suggest they seek to spend down their assets, so this year, we asked – aside from routine bills and necessities, what are the priorities for those savings? 4 in 10 cite travel, a third cite spending on leisure or entertainment, and a quarter mention home improvements. Only 13% say everything will go toward necessities.

But a sizeable share continue to hold money in reserve. Nearly 4 in 10 say money is held aside because they want continued growth. And a third are saving or reserving assets for health or long-term care needs.

Now at the same time, 1 in 3 retirees say their health care or dental expenses were higher than expected, which is comparable to last year, and more than half of retirees say their health-related expenses were

as expected. Plus, as Craig noted, more than 3 in 4 retirees feel confident they will have enough money for health expenses in retirement, an increase from 2020.

And now pair that with the fact that confidence that Medicare will continue to offer benefits of at least equal value to those received today has reached an all-time-high for both retirees and workers. 3 in 4 retirees and nearly 6 in 10 workers are very or somewhat confident in Medicare.

Despite this high confidence and experiences with spending, health and long-term care are the big unknown and retirees are trying to protect themselves from the unexpected. They will often reduce spending in order to preserve their nest egg.

To me, these high confidence numbers for retirees as well as high marks for overall lifestyle and expenses demonstrate how adaptable – or resilient – retirees are. And I am happy to be emphasizing that today because I think it's sometimes underestimated in retirement and financial planning processes.

Thank you. We look forward to sharing more of what the RCS has to offer in the weeks and months ahead. Craig, back to you.