RCS
RETIREMENT CONFIDENCE SURVEY®

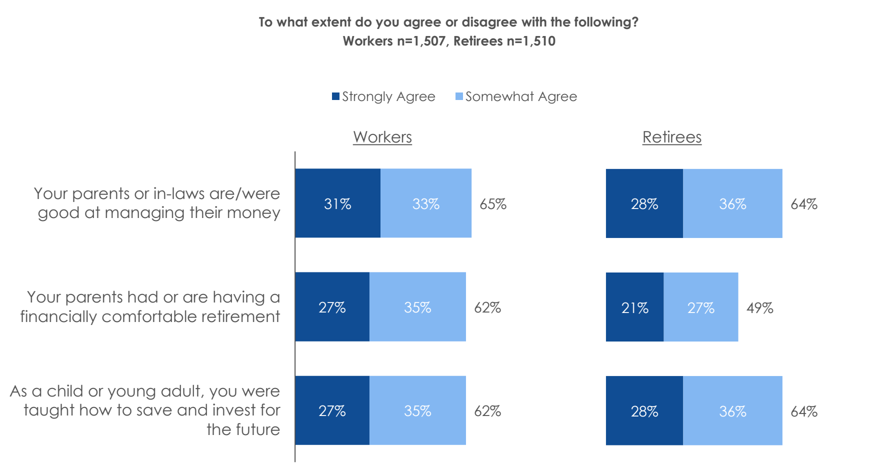
2021 RCS FACT SHEET #8
FINANCIAL BACKGROUND & GOALS

What is the financial background of workers and retirees? Did they have good role models for parents? Do they understand saving and investing? Do workers prioritize retirement savings? What is hindering retirement savings? The 31st annual Retirement Confidence Survey (RCS) examined these important topics.

Impressions of Parents' Financial Examples

Nearly two-thirds of workers (65 percent) and retirees (64 percent) say that they either strongly or somewhat agree with the statement that their parents or in-laws were good at managing money. A similar percentage (62 percent) of workers say that they agree with the statement that their parents had a financially comfortable retirement, but under one-half (49 percent) of retirees agree with that statement. Again, two-thirds of both workers (62 percent) and retirees (64 percent) agree with the statement that as child or young adult, they were taught how to save and invest for their future (Figure 1).

Figure 1
Worker and Retiree Thoughts on Parents and In-Laws' Examples on Retirement and Saving and Investing for the Future



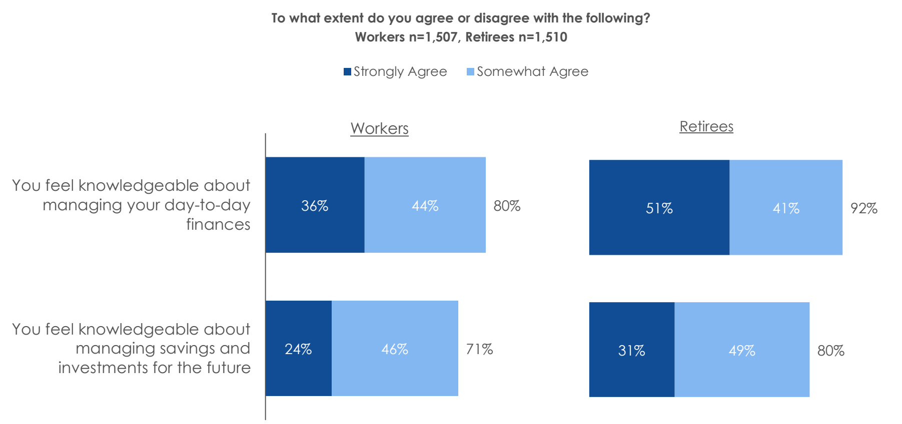
Source: Employee Benefit Research Institute and Greenwald Research 2021 Retirement Confidence Survey,

Thoughts on Own Financial Abilities

Eight in ten workers (80 percent) and 9 in 10 retirees (92 percent) either strongly or somewhat agree with the statement that they feel knowledgeable about managing their day-to-day finances. Both workers and retirees are less likely to agree with the statement that they feel knowledgeable about managing savings and investments for the future: 7 in 10 workers and 8 in 10 retirees (Figure 2). Older workers (ages 45 or older) are more likely to agree with these statements than those ages 25–34. Furthermore, workers saying that debt was not a problem compared with those who say it is a major or minor problem are more likely to agree with these statements, as are those with the highest incomes ($75,000 or more) and savings and investments ($100,000 or more).

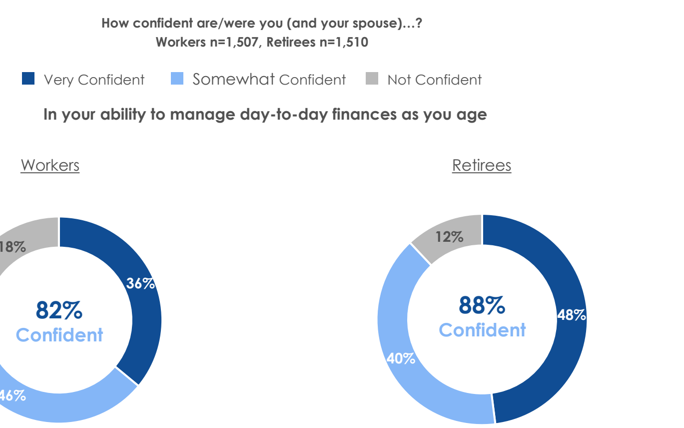
Workers and retirees are similarly likely to be confident in their ability to manage day-to-day finances as they age (Figure 3). Again, workers with the highest incomes and savings and saying debt is not a problem are more likely to have this confidence.

Figure 2
Worker and Retiree Perceived Knowledge of Managing Day-To-Day Finances and Saving for the Future



Source: Employee Benefit Research Institute and Greenwald Research 2021 Retirement Confidence Survey.

Figure 3
Confidence in Managing Day-To-Day Finances as They Age



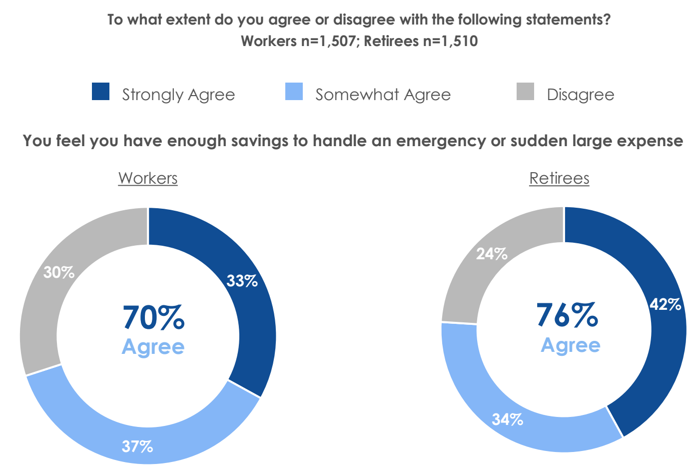
Source: Employee Benefit Research Institute and Greenwald Research 2021 Retirement Confidence Survey.

Ability to Handle an Emergency or Sudden Expense

Seven in ten workers (70 percent) and three-quarters of retirees (76 percent) either strongly or somewhat agree with the statement that they feel they have enough savings to handle an emergency or sudden large expense (Figure 4). Not surprisingly, workers with household incomes of $75,000 or more are more than twice as likely to say they feel they can handle an emergency expense than those with household incomes of less than $35,000 (82 percent vs. 35 percent). A similarly large difference results between those saying debt is not a problem and those saying it is a major problem (87 percent for debt not a problem vs. 41 percent for a major problem).

These same characteristics also have large differences among retirees. Nine in ten retirees (91 percent) who say that debt is not a problem feel they have enough savings to handle an emergency or sudden large expense compared with only 20 percent who say that debt is a major problem. In addition, 96 percent of retirees with incomes of $75,000 or more feel they can handle an emergency expense vs. just 51 percent of those with incomes below $35,000.

Figure 4
Belief in Handling an Emergency or Sudden Large Expense



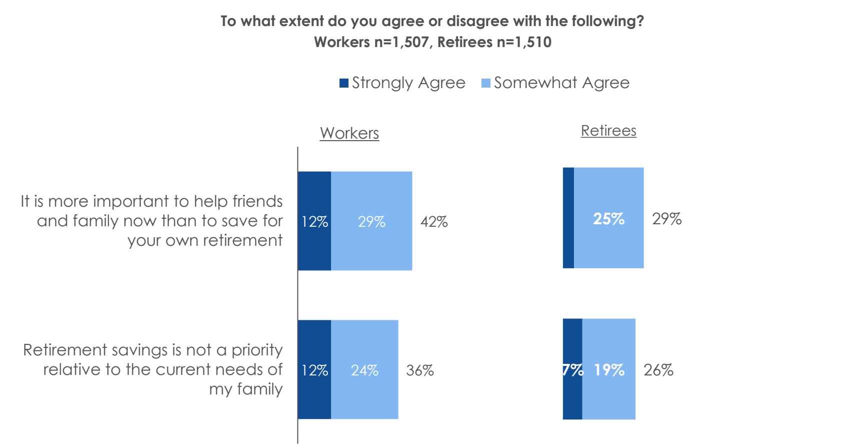
Source: Employee Benefit Research Institute and Greenwald Research 2021 Retirement Confidence Survey.

Savings Priorities

Four in ten (42 percent) workers say they either strongly or somewhat agree that it is more important to help friends and family now than to save for their own retirement, although only 12 percent strongly agree. Three in ten (29 percent) retirees also agree with this sentiment, but just 4 percent strongly agree. Workers and retirees who have a major problem with debt compared with those who do not have a problem with debt are more likely to agree that helping family is more important, as are workers younger than age 45 relative to those ages 55 or older.

Nearly 4 in 10 (36 percent) workers and one-quarter (26 percent) of retirees agree that retirement savings is *not* a priority relative to the current needs of their family (Figure 5). Workers and retirees who have the lowest incomes (less than $35,000) and savings (less than $10,000) and have a major problem with debt are more likely to agree with this statement. Also, workers younger than age 45 are more likely to agree with this assertion than workers ages 55 or older.

Figure 5
Retirement Savings Priorities vs. Helping Family and Friends

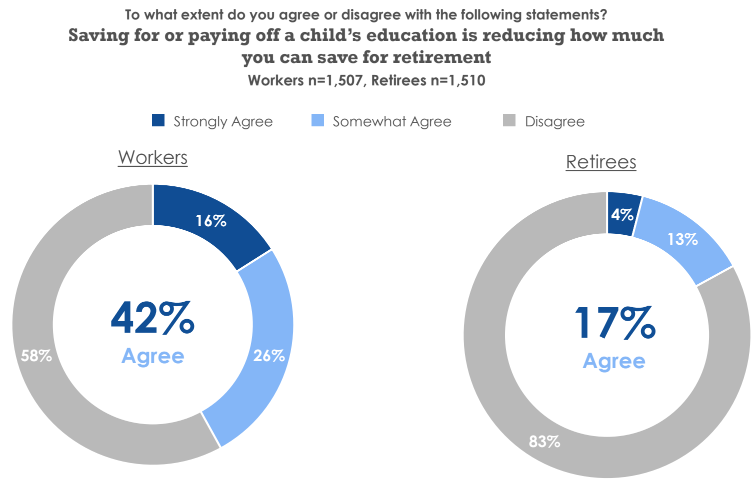


Source: Employee Benefit Research Institute and Greenwald Research 2021 Retirement Confidence Survey.

Paying for college educations has increasingly become a burden for families and has been potentially impacting what they can save for retirement. In fact, 42 percent of workers and 17 percent of retirees either strongly and somewhat agree that saving for or paying off a child's education is reducing how much they can save for retirement. However, only 16 percent of workers and 4 percent of retirees strongly agree with this claim (Figure 6).

Workers and retirees who consider debt to be major problem are more likely to agree with this statement: 59 percent of workers with debt being a major problem agree that paying for a child's education is reducing how much they can save for retirement vs. 29 percent of workers who do not have a problem with debt, and 24 percent of retirees with debt as a major problem agreed compared with 13 percent of retirees without a debt problem. Furthermore, workers younger than age 45 are more likely to agree with the impact of paying for a child's education relative to workers ages 55 or older (nearly one-half vs. nearly one-quarter).

Figure 6
Saving for or Paying off a Child's Education Impacting How Much Is Saved for Retirement



Source: Employee Benefit Research Institute and Greenwald Research 2021 Retirement Confidence Survey.

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