

Greenwald's Comments
Lisa Greenwald, Greenwald Research
2022 Retirement Confidence Survey
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Thanks, Craig, and thanks to everyone for attending our briefing today on the 2022 RCS.

This year, I'd like to focus my comments on retirees and how they seem to be faring in retirement.

As we've seen in recent years of RCS data, a strong majority of retirees — 4 in 5 — report that their overall lifestyle — including traveling, spending time with family, or volunteering — is as expected or better. We very purposefully didn't change the wording of this question despite the pandemic and these results have been highly consistent during pre-pandemic and pandemic periods.

But what about the impact of inflation? First, I remind you that we fielded this survey in January, and in January even as inflation rates started to rise, 7 in 10 retirees reported being confident they will have enough money to keep up with inflation in retirement.

We did see some impact of inflation in this year's data, but admittedly, not where we expected it. Craig mentioned that about 1 in 4 retirees say that they are less confident in having a comfortable retirement as a result of the pandemic — that's how the question was worded, as a result of the pandemic. However, when we asked in an open question what specifically was causing these retirees to feel less confident, half of retirees cite inflation and cost of living as the reason for waning confidence. By the way, over a third of workers who feel less confident say the same.

We did observe some changes in how retirees feel about their overall spending and expenses in retirement. Most retirees (52%) report their overall spending and expenses in retirement have been as expected, and another 1 in 10 say they are lower (or better) than expected. Still, slightly more than a third (36%) suggest spending is higher than expected. This is an increase compared to 2021 when just one-quarter reported higher expenses but marks a return to pre-pandemic 2020 when just over a third (34%) said overall expenses in retirement were higher than expected.

More specifically, this year, a larger share of retirees suggest housing expenses have been higher than expected (29% vs. 24% in both 2021 and January 2020), which is important to note because this is not a return to pre-pandemic levels as we see in other categories and rental and housing prices continue to rise.

Also, nearly a quarter of retirees (23%) indicate spending on travel, leisure, and entertainment is higher than expected, up from 17% last year, but on par with pre-pandemic January 2020 findings at 21%. This one is trickier to diagnose. Retirees are likely consuming more in this category than they did in the lockdowns of the pandemic, but costs are rising as well. Either way, we're back to pre-pandemic assessments of spending levels, with a little more than 2 in 10 retirees reporting higher spending on travel and leisure.

Another spending category you may be curious about is health. Health spending is certainly top of mind for retirees, as nearly half put planning for future health and long-term care needs within their top 3 longer-term financial goals.

There is some interesting contrast in these findings. Even though three-quarters of retirees feel confident they will have enough money to take care of medical expenses in retirement, retirees seem to be feeling a

little less confident that Medicare will continue to provide benefits of at least equal value — a robust 75% were confident in 2021 and 71% feel confident now, enough to be considered a significant decline.

In terms of actual spending on health, however, most retirees report that their health, medical, and dental expenses are as expected. 37% report higher than expected costs in this area, but that is comparable to last year and to January 2020. Health is still the category of spending where the largest share of retirees report higher than expected costs.

Spending on a fixed income and figuring out how to manage income and expenses in retirement is complicated, so we'll continue to monitor this, but I find the resilience of retirees — as observed in research — reassuring. Majorities feel confident and are enjoying life in retirement, despite the curve balls of the past few years.

That concludes my comments. Thank you. I want to make sure to thank our research sponsors for making this research possible, and with that, I will kick this back to Craig for some closing remarks.