

2023 RETIREMENT CONFIDENCE SURVEY

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2023 RCS Overview

33rd Annual Retirement Confidence Survey (RCS)

The RCS is the longest-running survey of its kind, measuring worker and retiree confidence about retirement, and is conducted by the Employee Benefit Research Institute (EBRI) and Greenwald Research.

The 2023 survey of 2,537 Americans was conducted online January 5 through February 2, 2023. All respondents were ages 25 or older. The survey included 1,320 workers and 1,217 retirees — this year included an oversample of roughly 944 completed surveys among caregivers (598 workers and 346 retirees).

Data were weighted by age, sex, caregiver status, household income, and race/ethnicity. Unweighted sample sizes are noted on charts to provide information for margin of error estimates. The margin of error would be ± 2.8 percentage points for workers, ± 2.9 retirees, and ± 3.3 for caregiver respondents in a similarly sized random sample.

Please note percentages in the following tables and charts may not total to 100 due to rounding and/or missing categories. Any trend changes or differences in subgroups noted in text are statistically significant; if no trend changes are noted, there were no significant differences.

Suggested citation: Employee Benefit Research Institute and Greenwald Research, 2023 Retirement Confidence Survey, *EBRI Chartbook* (Employee Benefit Research Institute, April 27, 2023).

2023 RCS Sponsors

EBRI and Greenwald would like to thank the 2023 RCS sponsors who helped shape this year's survey.

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Key Findings

Americans' optimism that they will have enough money to live comfortably throughout retirement declines.

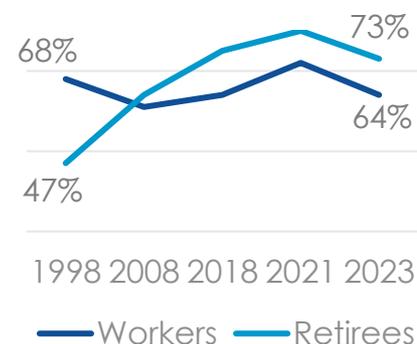
Compared with 2022, both workers' and retirees' confidence have significantly dropped and returned to levels last seen in 2018. The last time a decline in confidence of this magnitude was observed was in 2008 during the global financial crisis.

Sixty-four percent of workers feel at least somewhat confident, with only 18% feeling very confident. While retirees' confidence is slightly higher than workers', still less than three-quarters feel at least somewhat confident, with only 27% feeling very confident (Figure 1, Figure 2).

Among those who do not feel confident, 4 in 10 workers and a quarter of retirees state it is due to having little to no savings. Inflation also has a large impact on Americans' certainty, with 29% of workers and 42% of retirees stating this is the reason for their lack of confidence (Figure 3, Figure 4).

Americans believe the elevated inflation rates the United States has seen are not going away any time soon, with roughly 8 in 10 workers and retirees reporting they are concerned inflation will remain high for at least the next 12 months. Additionally, three-quarters of Americans are fearful that the U.S. economy will go into a recession over the next year (Figure 5, Figure 6).

Retirement Confidence



Change in Very Confident



Key Findings

Both workers and retirees report high concerns about inflation and its impact on their savings/spending.

The effects of inflation are heavy on Americans' minds, as 84% of workers and 67% of retirees are concerned that the increasing cost of living will make it harder for them to save money (Figure 7, Figure 8). Four in ten workers and 3 in 10 retirees are *not* confident their money will be able to keep up with inflation in retirement, a significant increase compared with the one-third of workers who felt this way last year (Figure 9, Figure 10).

Americans' budgets are in question, as 73% of workers and 58% of retirees are concerned they will have to make substantial cuts to their spending due to inflation (Figure 7, Figure 8). Three-quarters of workers report that they are concerned their salary will not be able to keep up with inflation (Figure 7), while half of retirees report that their overall spending is higher than expected (Figure 11), a significant increase over last year (36%). The share of retirees who report their retirement lifestyle is worse than they expected is slowly growing. Twenty-two percent feel it is worse now compared with 17% in 2020, just before the pandemic (Figure 12).

4 in 10 workers | **3 in 10 retirees**
are not confident their money will be able to keep up with inflation in retirement



are concerned they will have to make substantial cuts to their spending due to inflation

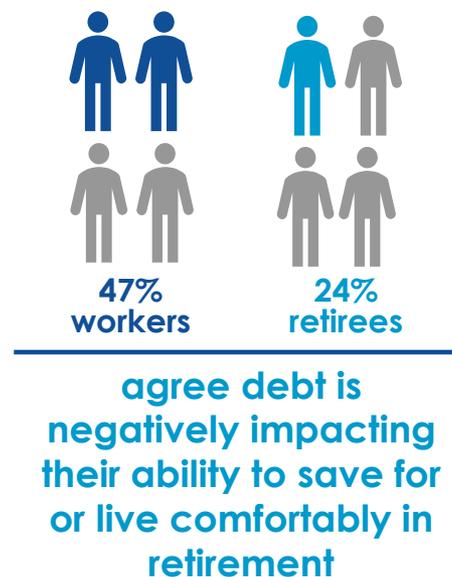
Key Findings

Workers' debt levels are on the rise and are negatively impacting their ability to save for retirement.

Over 4 in 5 Americans feel knowledgeable about managing their day-to-day finances and 7 in 10 feel knowledgeable about managing savings and investments (Figure 13). While confidence in their financial knowledge remains high, workers' debt problems appear to be worsening.

Significantly up this year, over 6 in 10 workers report their debt is a problem. However, consistent with last year, 34% of retirees report the same (Figure 14).

Nearly half of workers and a quarter of retirees agree debt is negatively impacting their ability to save for or live comfortably in retirement. Additionally, half of workers and one-third of retirees believe their non-mortgage debt is having a negative impact on their ability to save for emergencies (Figure 15). However, surprisingly, two-thirds of workers and three-quarters of retirees still feel they have enough savings to handle an emergency or large expense.



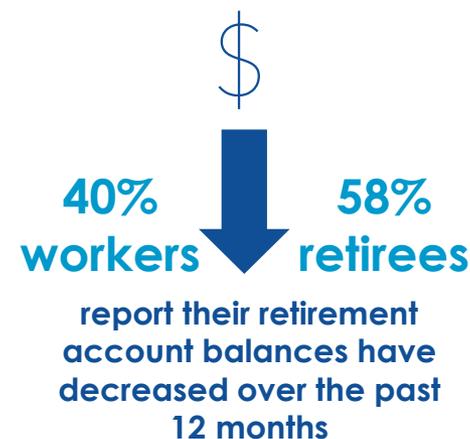
Key Findings

While Americans try to prepare for retirement, decreases in retirement accounts have caused concern.

Half of Americans have tried to calculate how much money they will need to save to have a comfortable retirement (Figure 16). And at least 7 in 10 workers and retirees say they have personally saved money for retirement (Figure 17). However, Americans' retirement savings have taken a hit this year. Forty percent of workers and 58% of retirees report that their retirement account balances have decreased over the past 12 months (Figure 18, Figure 19).

Of those who have seen a decrease in their retirement account balances, one-third report their balances decreased by 1% to 10% and half report they have decreased by 11% to 25%. Three-quarters of those who experienced a decrease of any amount are concerned about their retirement account balances (Figure 18, Figure 19).

Additionally, down from last year, 59% of workers are confident they will have enough money to last their entire lives (Figure 9). Perhaps in response to market volatility — 74% of workers worry the stock market will be increasingly volatile and unpredictable (Figure 5) — significantly more workers this year switched to more conservative investments in their workplace retirement plan (16% vs. 9%) and contacted their workplace retirement plan provider for advice (12% vs. 7%) (Figure 20).



Key Findings

Understanding of retirement plan investment options is lacking for some, and many don't consider their plan provider a go-to source for retirement planning information and advice.

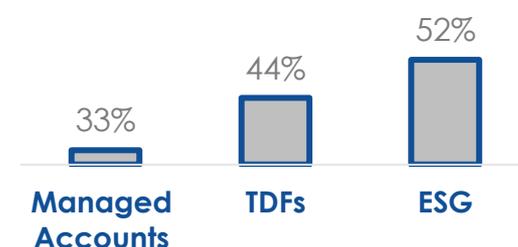
Many workers feel they understand the investment options their workplace retirement plan offers. Seven in ten workers are confident they can choose the right investment options for their situation. However, about 4 in 10 admit they don't understand target date funds (TDFs), 3 in 10 workers don't understand managed accounts, and half do not understand environmental, social, and governance (ESG) investment options (Figure 21).

Many workers aren't using professional sources of information and advice that can help improve their investment know-how. A large portion of workers (40%) turn to their family or friends when seeking information about retirement planning, while only 2 in 10 turn to their workplace retirement plan provider (Figure 22).

A third of workers and 4 in 10 retirees say they use a personal financial advisor for retirement planning information and advice (Figure 23), and financial advisors are the most trusted source for both workers and retirees (Figure 24). Half of workers who do not currently work with an advisor believe they will in the future (Figure 23).

Overall, about 2 in 5 workers and 1 in 5 retirees say they do not know who to go to for good financial or retirement planning advice (Figure 25).

Workers don't understand...



 **1 in 3 workers and 4 in 10 retirees** use a personal financial advisor for retirement planning information and advice

Key Findings

Americans' confidence in Social Security remains mostly unchanged, but worker confidence in Medicare has declined.

About two-thirds of workers are confident they will have enough money to take care of their medical expenses during retirement (Figure 9). However, workers' confidence in Medicare has significantly decreased, with just half who feel at least somewhat confident it will continue to provide benefits of equal value to those received today (Figure 26).

Retirees' confidence in Medicare remains unchanged from last year, with 7 in 10 reporting they feel confident in Medicare providing consistent benefits (Figure 27). While 38% of retirees report health care expenses are higher than they expected them to be when they first retired (Figure 11), 77% of retirees feel confident they will have enough money to take care of their medical expenses during retirement (Figure 10).

Both workers' and retirees' confidence in Social Security remain unchanged as well, as half of workers and 7 in 10 retirees feel at least somewhat confident that Social Security benefits will continue to be of at least equal value to the benefits provided today (Figure 28, Figure 29).



51% of workers
69% of retirees
are confident
Medicare will provide
consistent benefits



38% of retirees
say health expenses
are **higher** than
expected

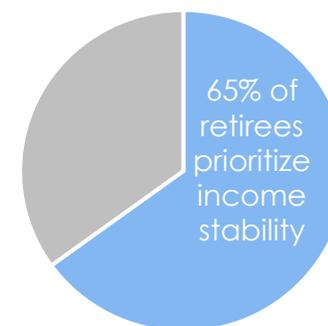
Key Findings

While workers are confident they know how much to withdraw from their retirement savings, they tend to overestimate the role many income sources will play.

Down from last year, fewer than two-thirds of workers are confident they know how much to withdraw from their savings and investments in retirement. Retirees' confidence in their knowledge remains steady, with a quarter being very confident (Figure 30).

When it comes to describing their asset goals, half of retirees report they try to maintain their asset levels; fewer than last year aim to grow their assets (Figure 31). Additionally, two-thirds of retirees report their financial priority in retirement is income stability over maintaining wealth. Workers share this sentiment, as almost three-quarters say they would prioritize income stability as well (Figure 32).

Workers' expectations of the role different income sources will play in retirement differ from what retirees report. Income sources that workers are more likely to expect than what retirees report having include personal retirement savings (78% vs. 69%), IRAs (75% vs. 57%), work for pay (73% vs. 23%), products that guarantee monthly income (54% vs. 28%), and financial support from family and friends (42% vs. 14%). In contrast, workers are less likely to expect Social Security to be a source of income in retirement, which almost all retirees report is a source (Figure 33).



Work for Pay in Retirement



Figure 1

Only about two-thirds of workers are confident in having enough money to live comfortably in retirement, a significant decrease compared with 2022.

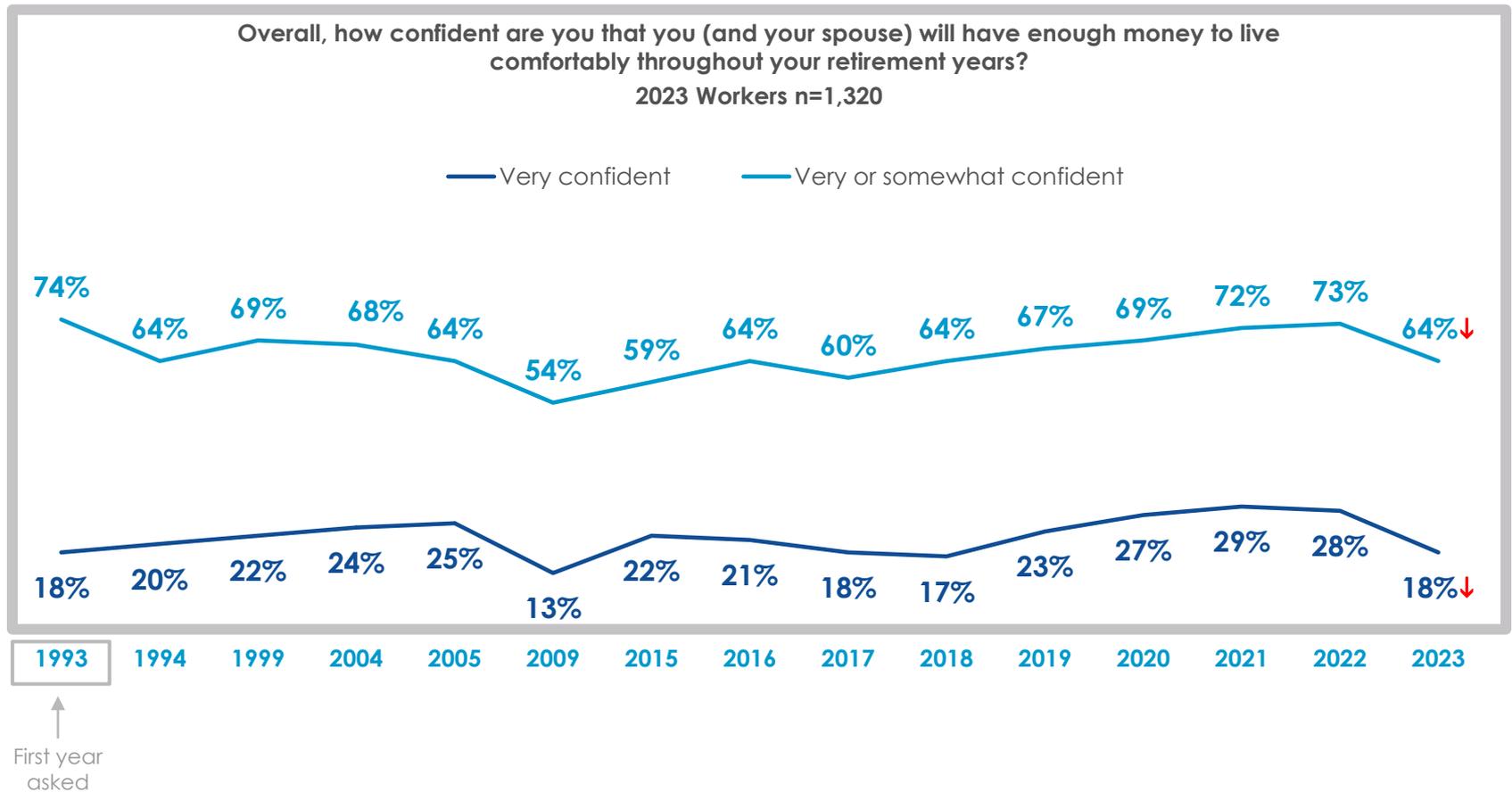


Figure 2

Almost three-quarters of retirees are confident they will have enough to live comfortably in retirement; this is a significant decrease from 2022.

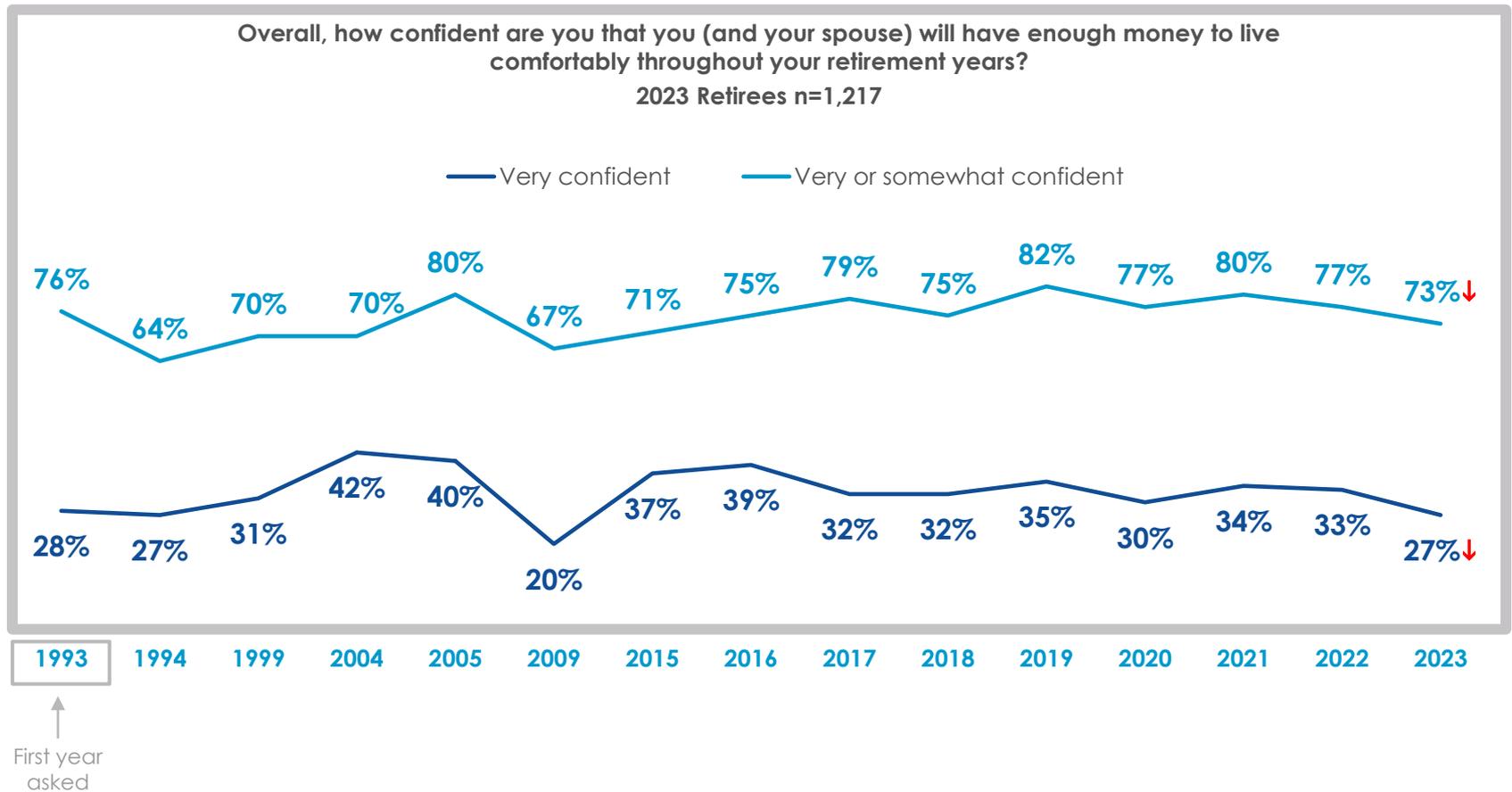


Figure 3

Four in ten workers who do not feel confident state it is due to having little to no savings, and a third state it is due to inflation.

What specifically has made you feel [confident/not confident] about your ability to live comfortably throughout retirement?

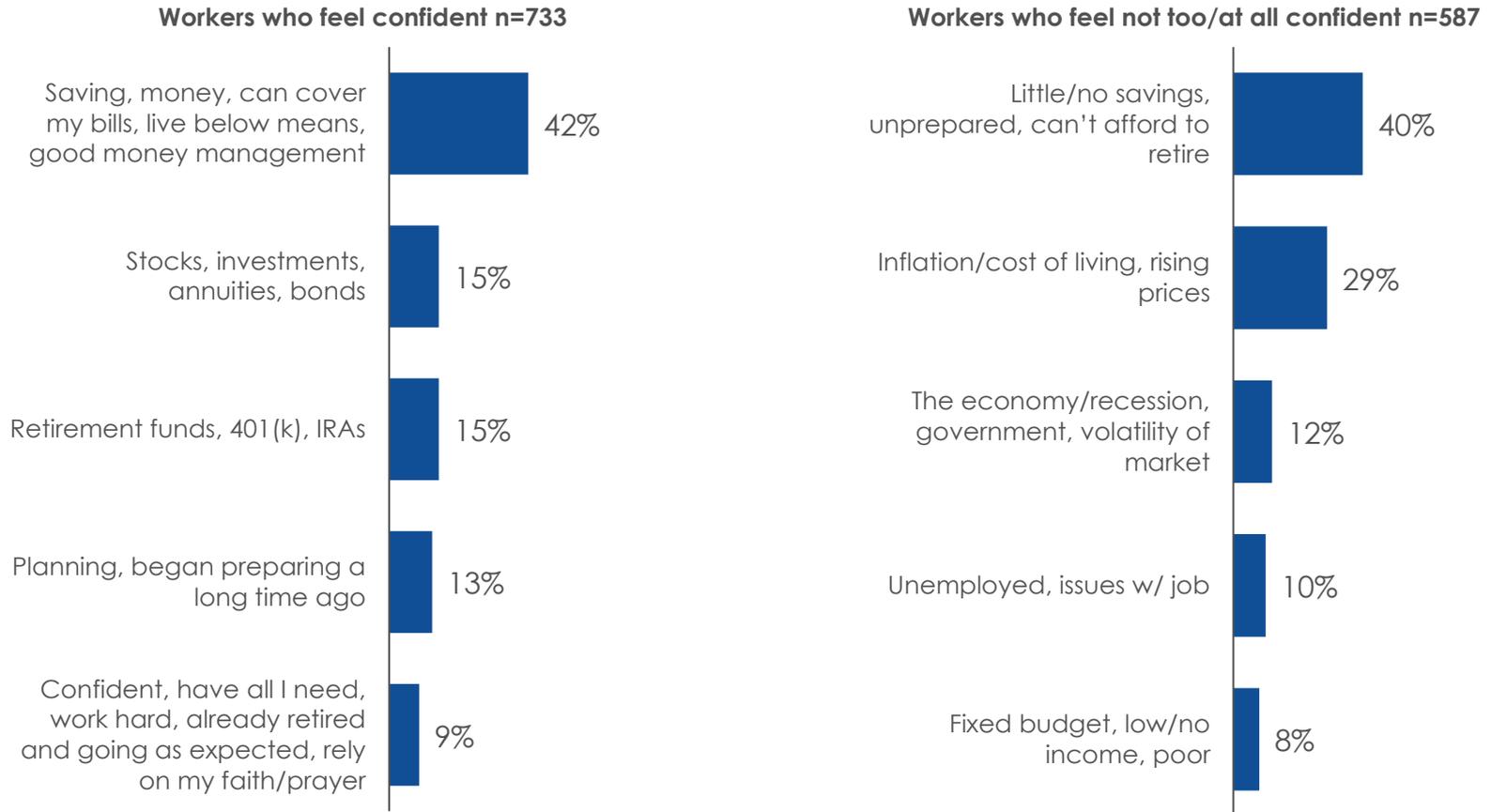


Figure 4

Four in ten retirees who do not feel confident state it is due to inflation, and a quarter state it is due to having little to no savings.

What specifically has made you feel [confident/not confident] about your ability to live comfortably throughout retirement?

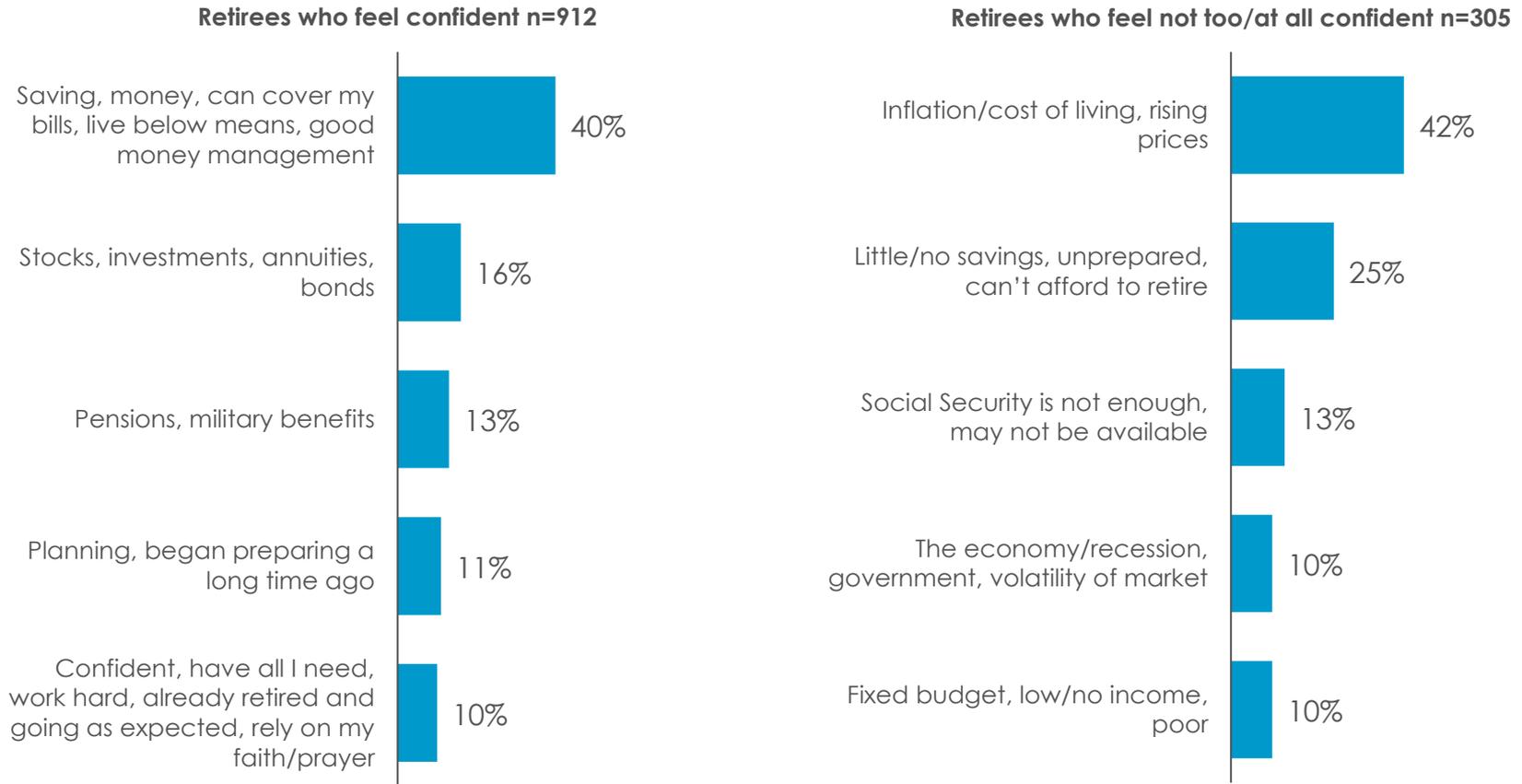


Figure 5

Almost 9 in 10 workers are concerned inflation will stay high for another year. Eight in ten workers are also concerned about a recession in the next year.

How concerned, if at all, are you about each of the following impacting your finances in retirement?
Workers n=1,320

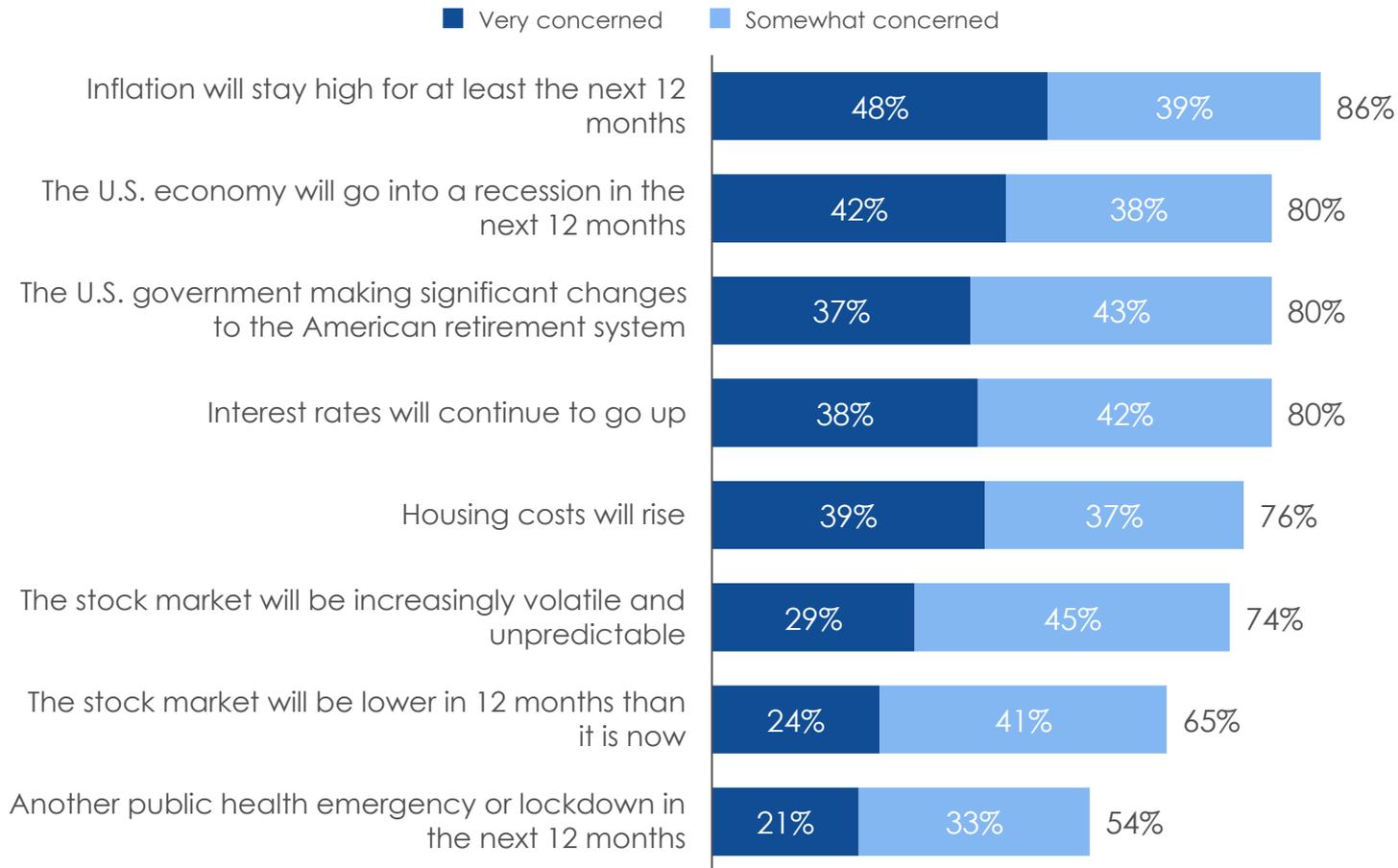


Figure 6

Eight in ten retirees are concerned inflation will stay high for another year. Retirees are least concerned about having another public health emergency.

How concerned, if at all, are you about each of the following impacting your finances in retirement?
Retirees n=1,217

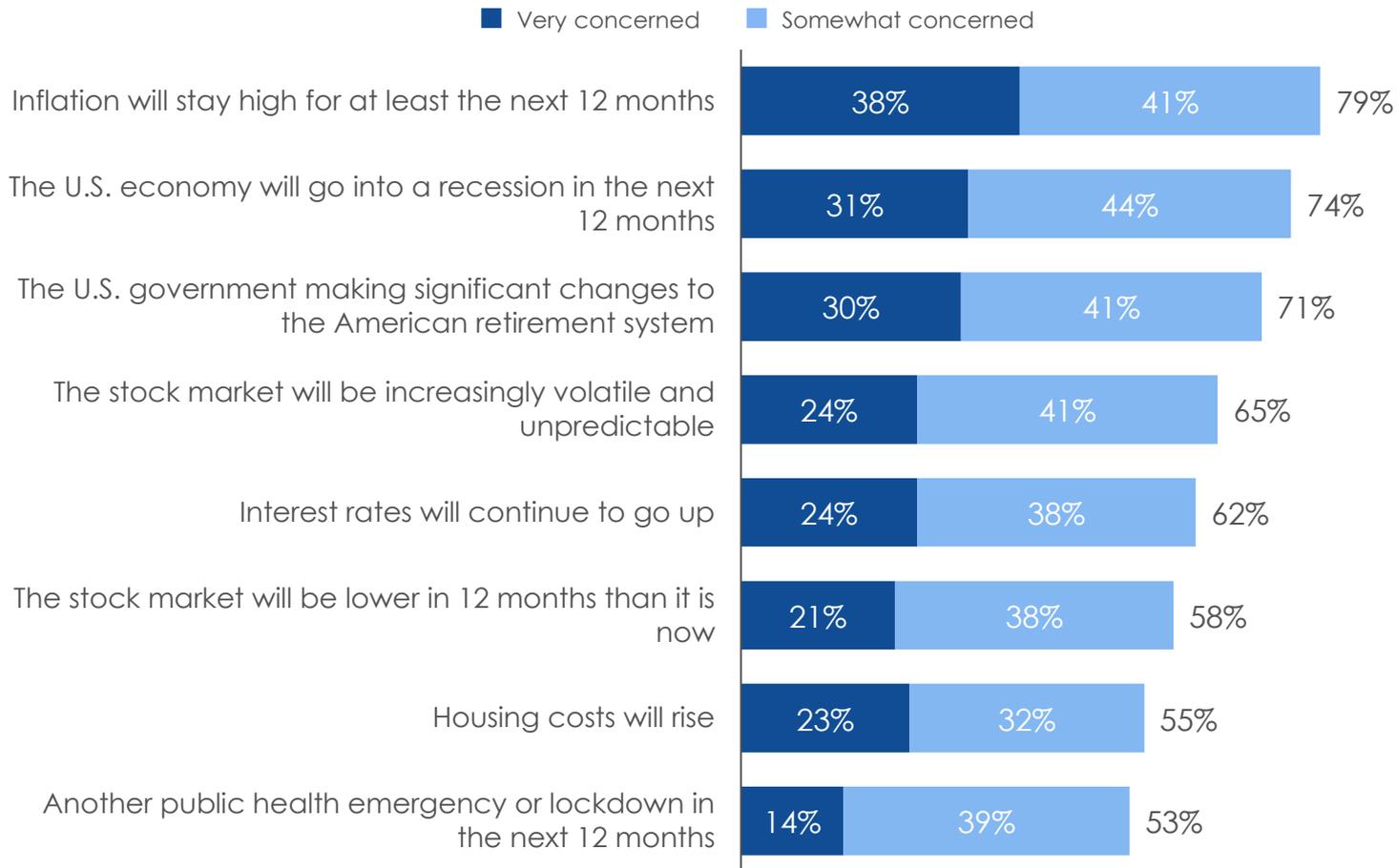


Figure 7

More than 8 in 10 workers are concerned that the increasing cost of living will make it harder to save money for retirement.

How concerned, if at all, are you personally about each of the following potential scenarios impacting your retirement?
Workers n=1,320

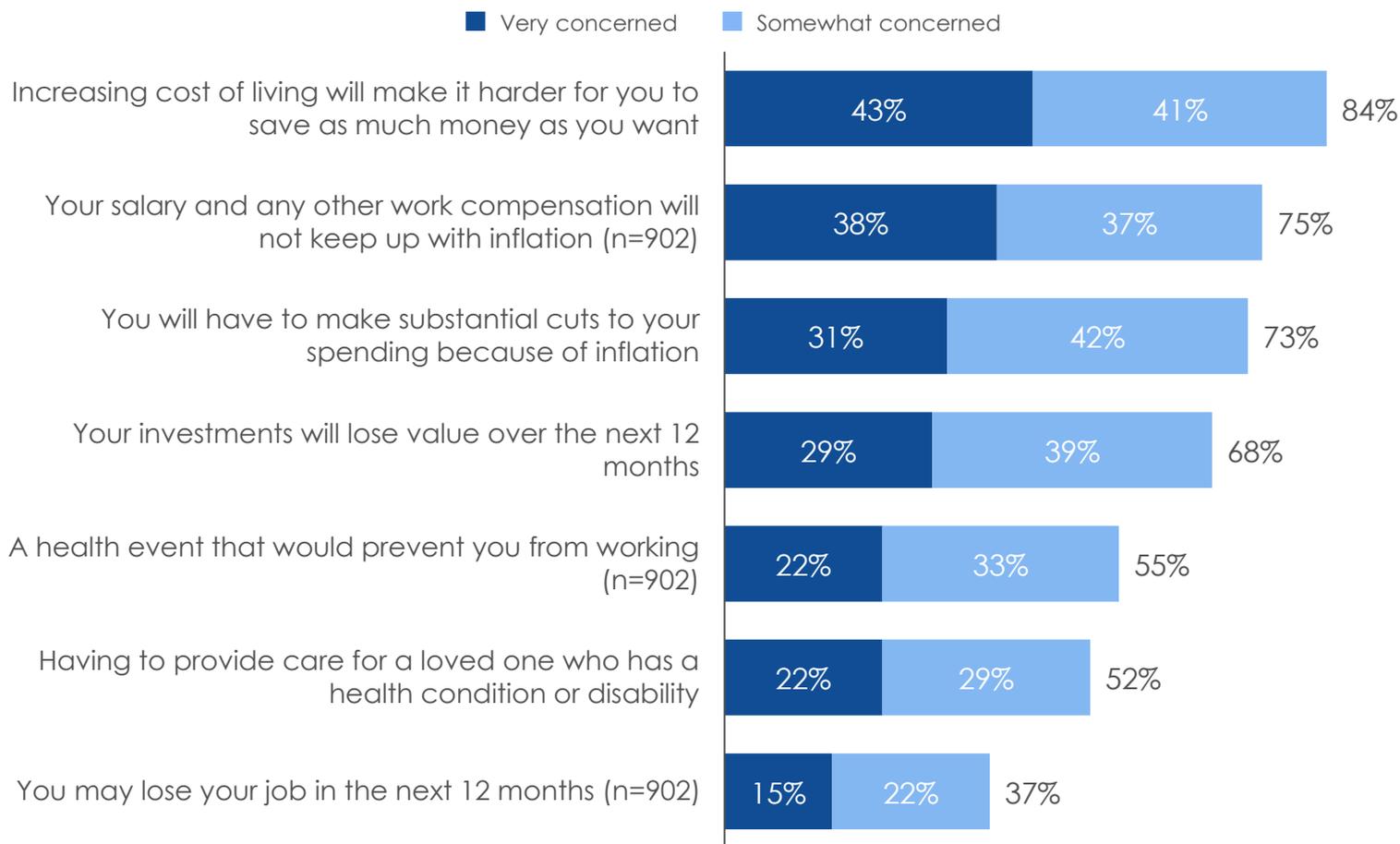


Figure 8

Like workers, the top concern of retirees, cited by two-thirds, is that the increasing cost of living will make it harder to save money.

How concerned, if at all, are you personally about each of the following potential scenarios impacting your retirement?
Retirees n=1,217

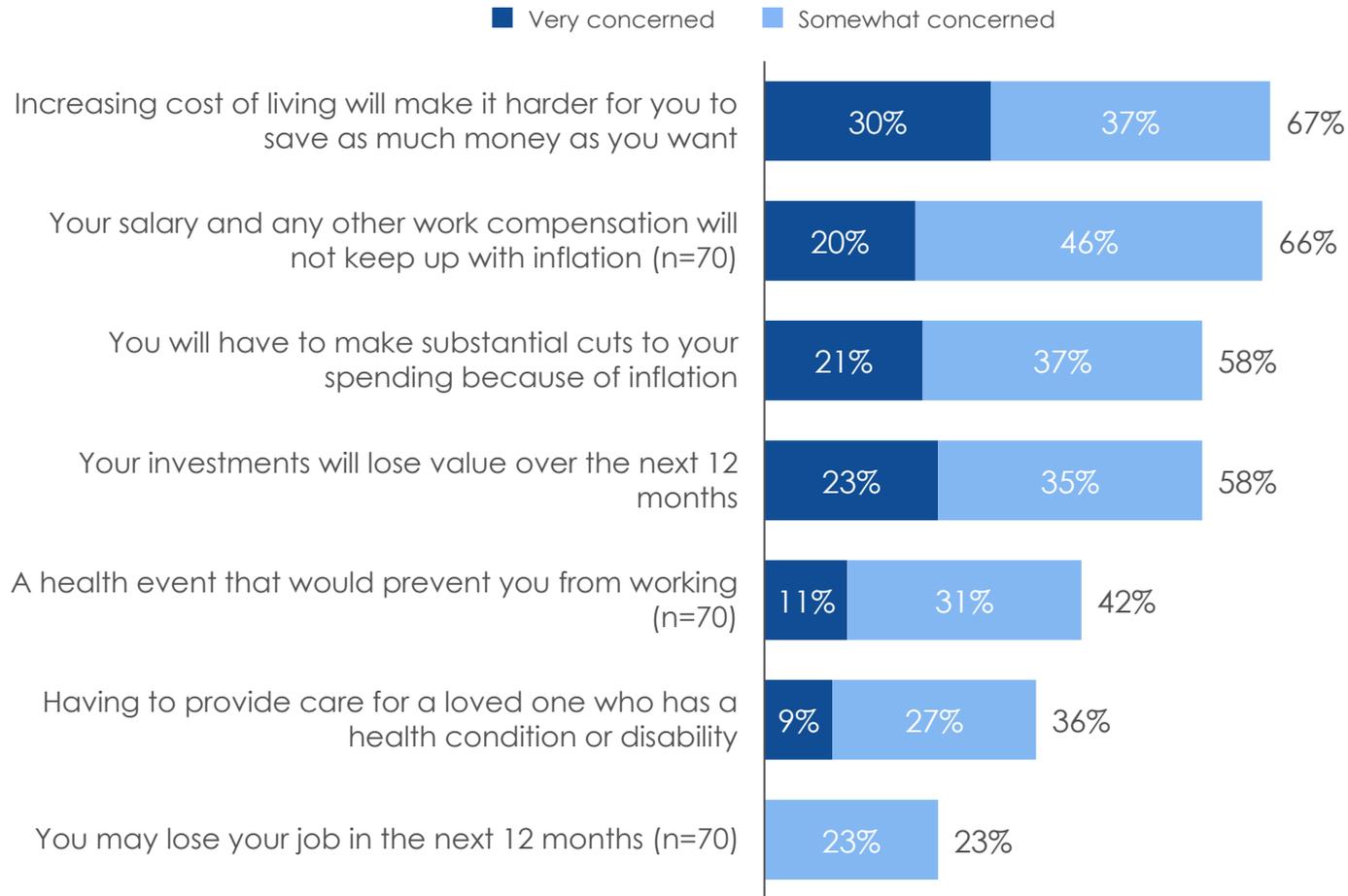
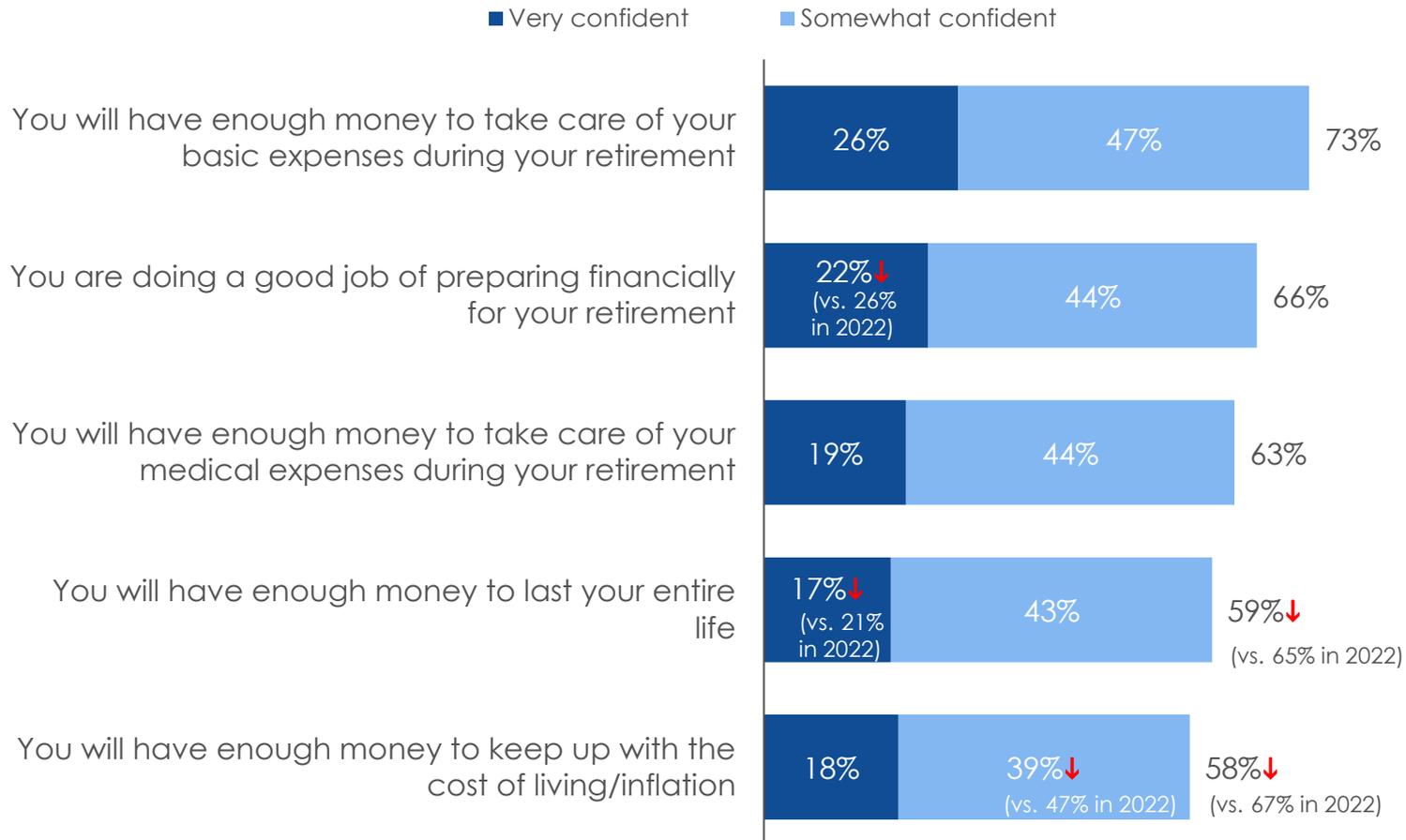


Figure 9

Workers' confidence in having enough to cover basic expenses remains high, while their confidence in being able to keep up with inflation has decreased.

How confident are you (and your spouse) about the following aspects related to retirement?
Workers n=1,320



↑=Significantly higher than previous year, ↓=significantly lower than previous year

Figure 10

Retirees remain confident that they will have enough money to take care of their basic expenses during their retirement.

How confident are you (and your spouse) about the following aspects related to retirement?
Retirees n=1,217

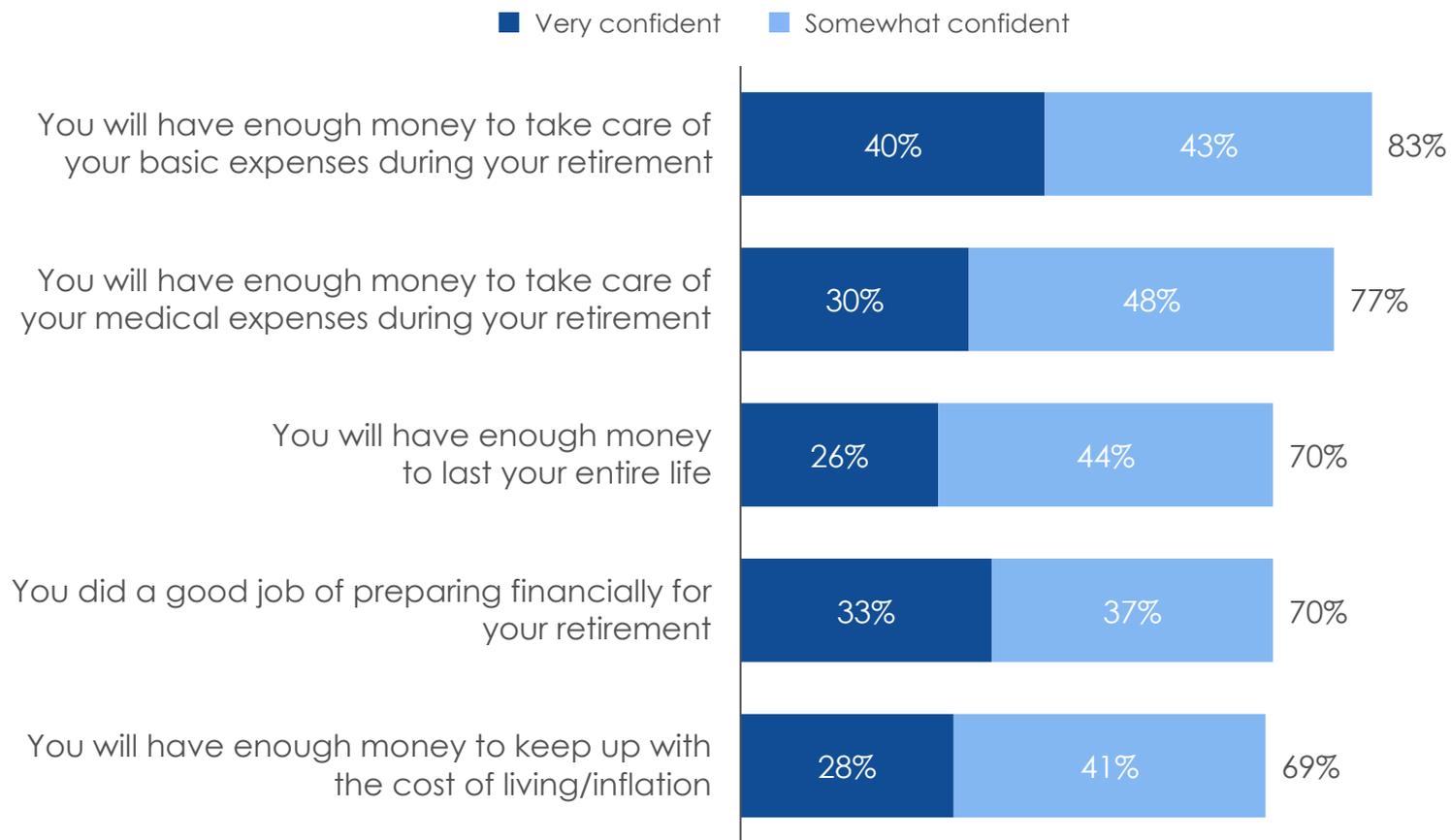


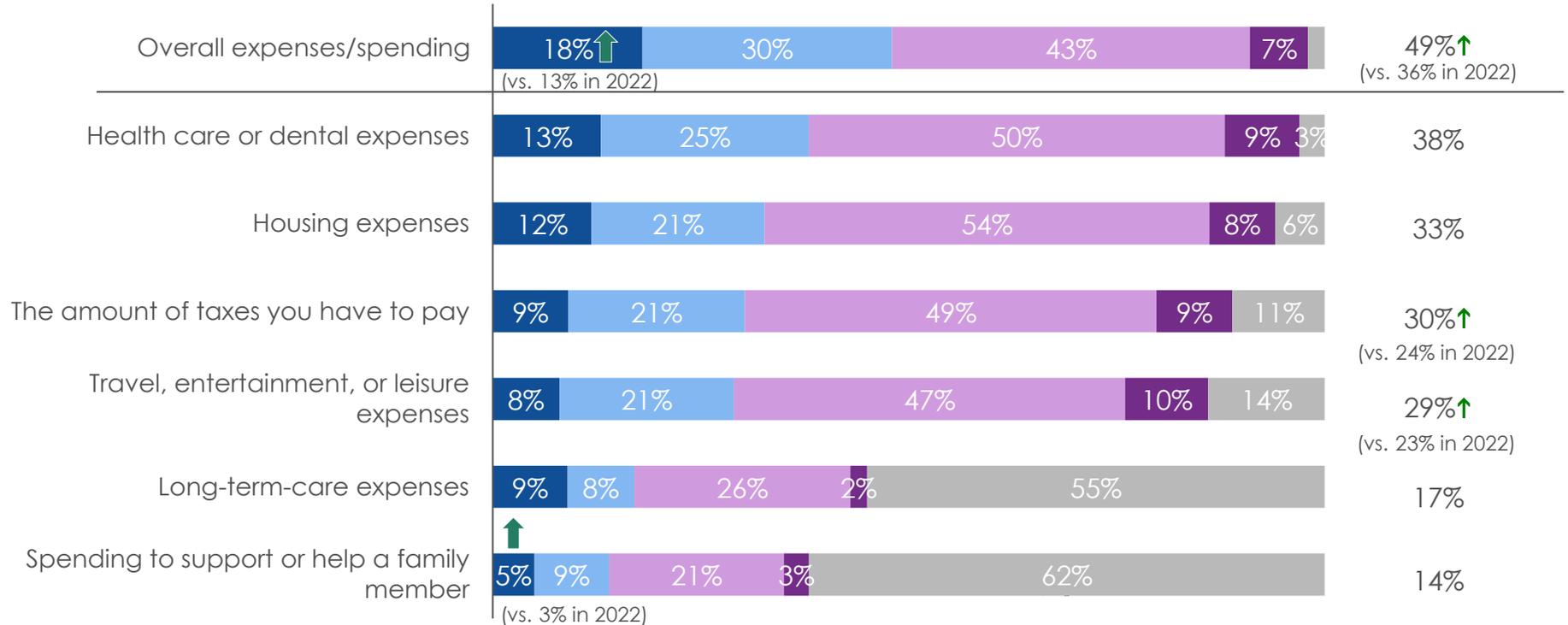
Figure 11

Up from last year, retirees report that their overall spending is higher than expected. This is also true regarding taxes and travel expenses.

Compared with what you expected when you first retired, would you say the following are higher or lower for you now than you expected?

Retirees n=1,217

■ Much higher than expected
 ■ Somewhat higher than expected
 ■ About the same
 ■ Lower than expected
 ■ Not applicable/refused
 NET: Higher than expected

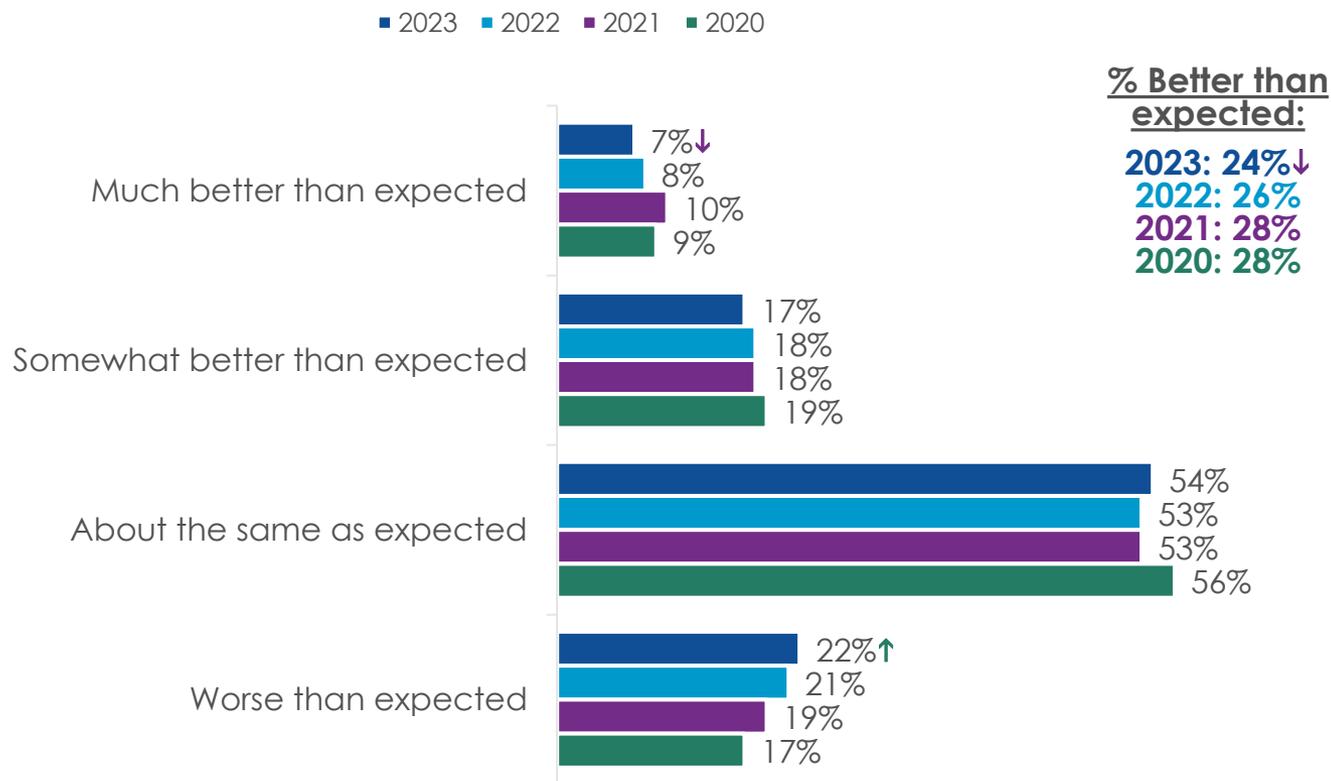


↑=Significantly higher than previous year, ↓=significantly lower than previous year

Figure 12

Consistent with last year, more than half of retirees say their lifestyle in retirement is about what they expected it would be before they retired.

How does your overall lifestyle in retirement now compare to how you expected it to be before you retired?
For example, are you traveling, spending time with family or volunteering as much as you expected?
Retirees n=1,217



↑=Significantly higher than 2021, ↓=significantly lower than 2021
↑=Significantly higher than 2020, ↓=significantly lower than 2020

Figure 13

Four in five feel knowledgeable about managing day-to-day finances, and 7 in 10 feel knowledgeable about managing savings and investments.

To what extent do you agree or disagree with the following?
Workers n=1,320, Retirees n=1,217

■ Strongly agree ■ Somewhat agree

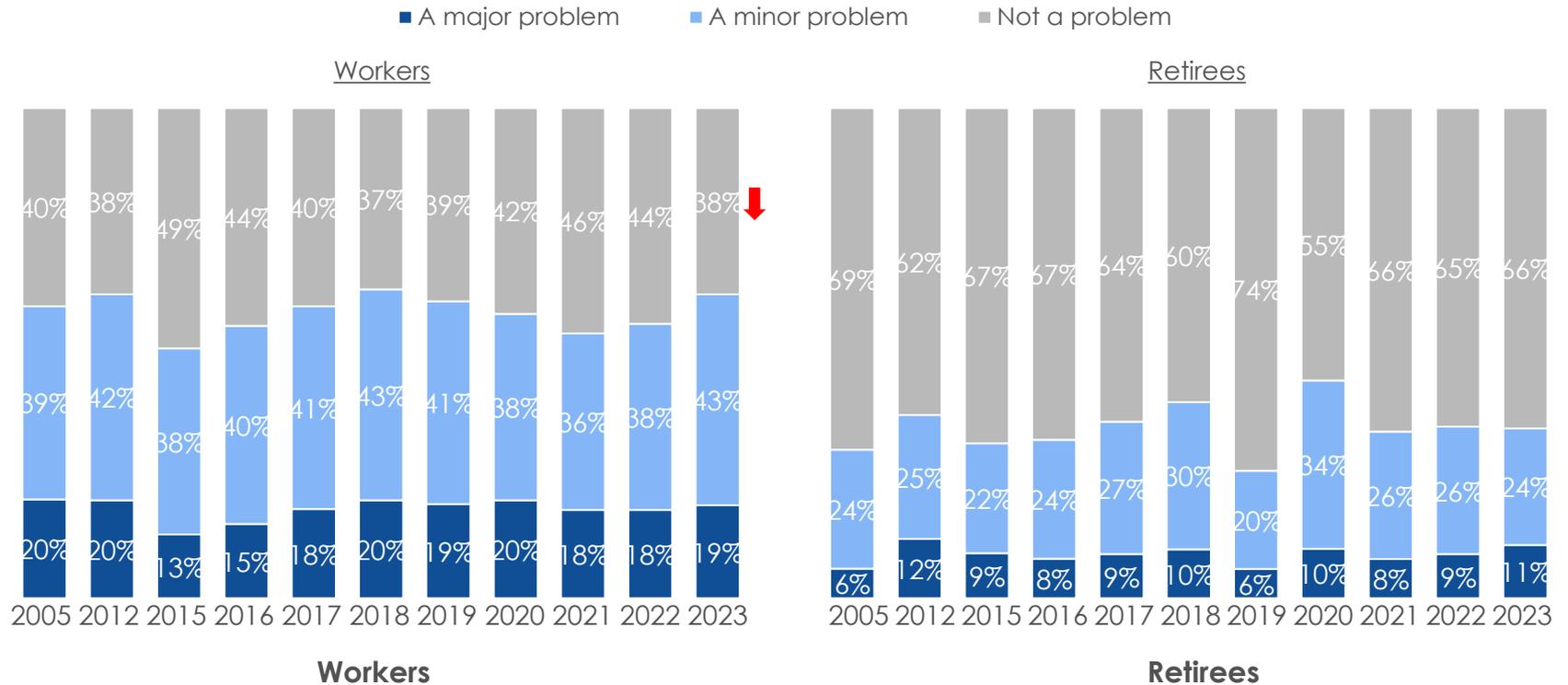


↑=Significantly higher than previous year, ↓=significantly lower than previous year

Figure 14

Significantly higher than last year, almost two-thirds of workers believe their debt is a problem. Retirees' debt has remained consistent.

Thinking about your current financial situation, how would you describe your level of debt?
 2023 Workers n=1,320, 2023 Retirees n=1,217



↑=Significantly higher than previous year, ↓=significantly lower than previous year

Figure 15

Over half of workers say non-mortgage debt has negatively impacted their ability to save for emergencies. Significantly fewer retirees, one-third, concur.

To what extent is your non-mortgage debt having a negative impact on your ability to do the following?

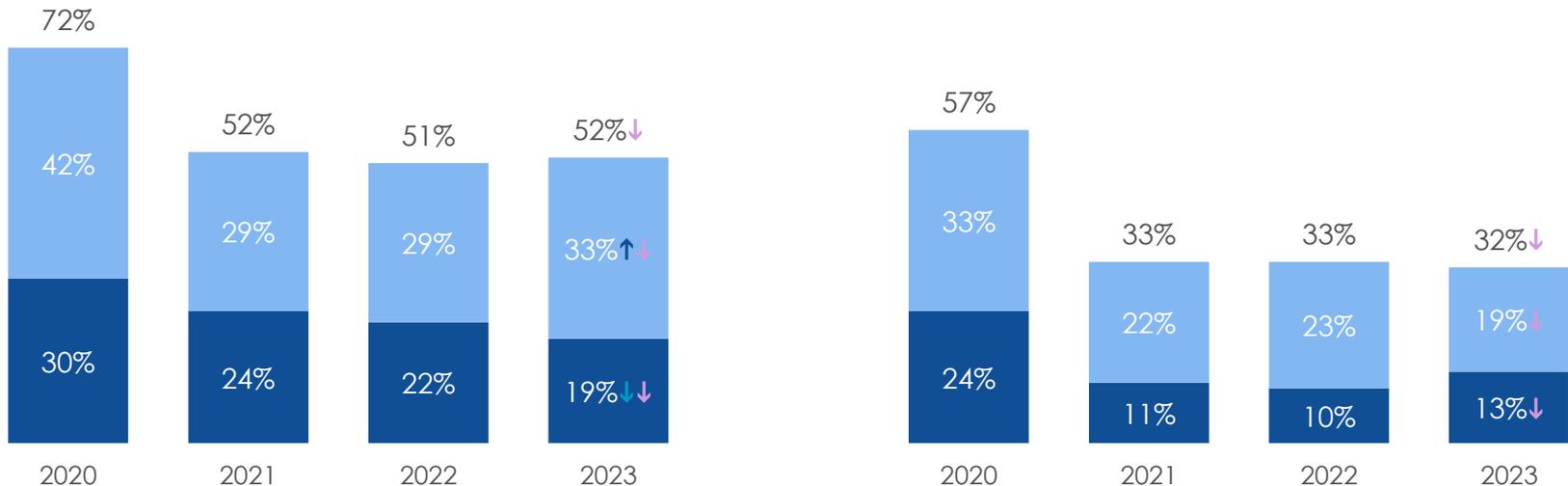
Saving for Emergencies

2023 Workers n=1,320, Retirees n=1,217

■ Major negative impact ■ Minor negative impact

Workers

Retirees



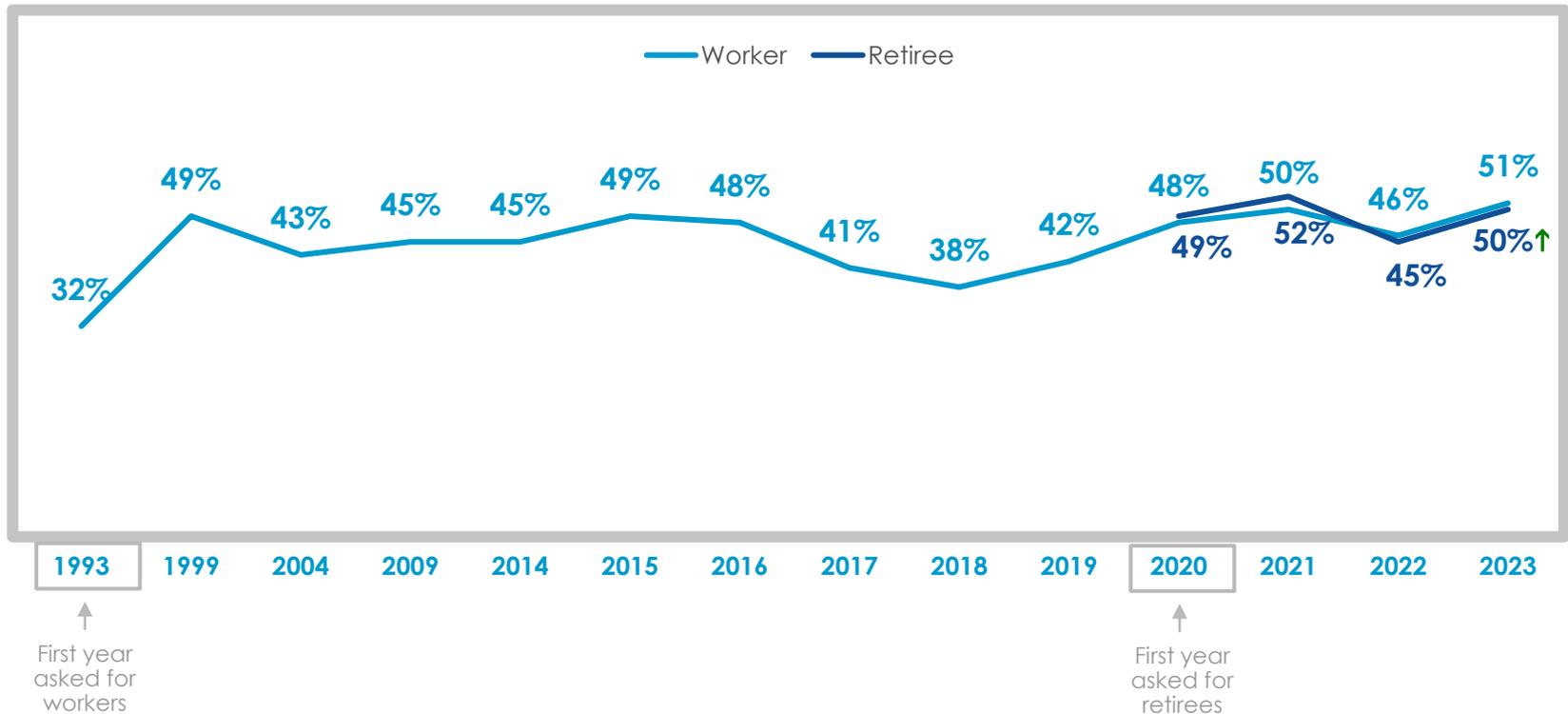
↑=Significantly higher than 2021, ↓=significantly lower than 2021;
 ↑=Significantly higher than 2020, ↓=significantly lower than 2020

Figure 16

Half of workers and retirees have tried to calculate how much money they will need in retirement. This is a significant increase for retirees from last year.

Have you (or your spouse) tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement? / To prepare for retirement, did you (or your spouse) try to figure out how much money you needed to have saved by the time you retired so that you could live comfortably in retirement?

2023 Workers n=1,199, 2023 Retirees n=1,146, Percent Yes

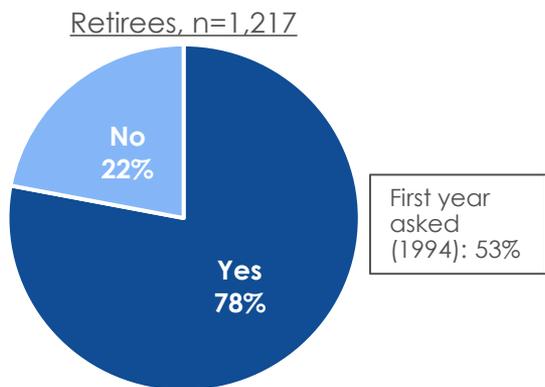
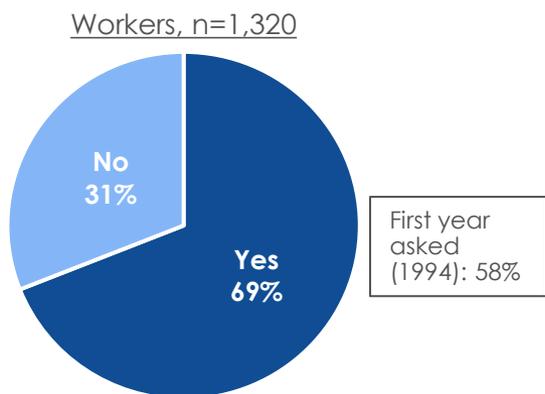


Figures and n-sizes from all years presented exclude those who answered 'Don't know' or refused to answer
↑=Significantly higher than previous year, ↓=significantly lower than previous year

Figure 17

A majority of workers and retirees consistently report that they have personally saved money for retirement and are currently saving.

Have you/did you (or your spouse) personally save(d) any money for retirement?



Are you (or your spouse) currently saving for retirement/ the future?
Workers/spouse who have saved for retirement/ all retirees

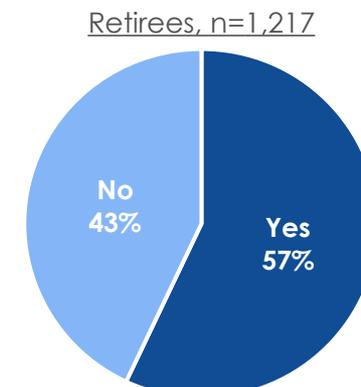
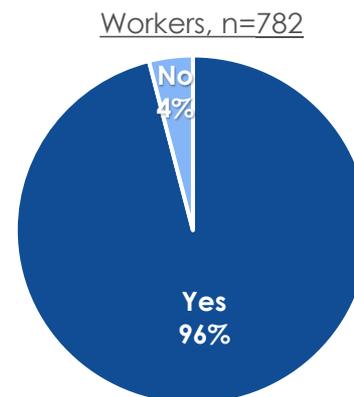
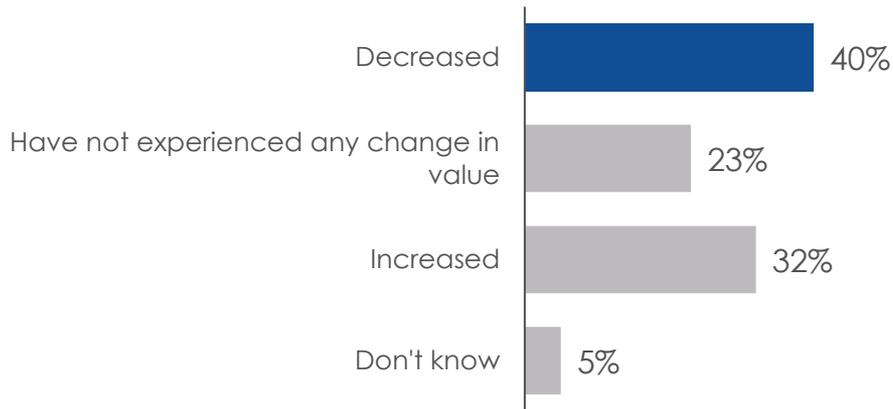


Figure 18

Two in five workers report their retirement account balances have decreased over the last 12 months. Of these, three-quarters are concerned.

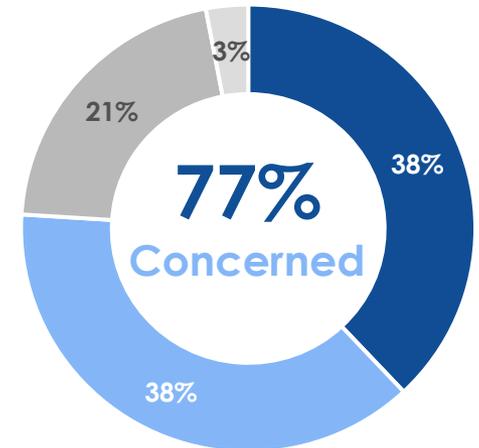
How have your retirement account balances changed in value over the past 12 months?

Workers who have saved for retirement n=782



How concerned are you about this decrease in your retirement account balances?

Retirement account balances decreased in value over the past 12 months; Workers n=332



- Very concerned
- Somewhat concerned
- Not too concerned
- Not at all concerned

By approximately what percent did your retirement account balances decrease?
Retirement account balances decreased in value over the past 12 months; Workers n=332

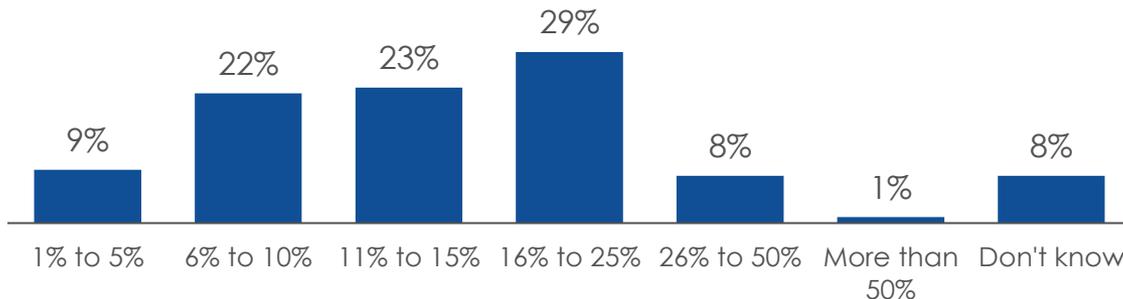
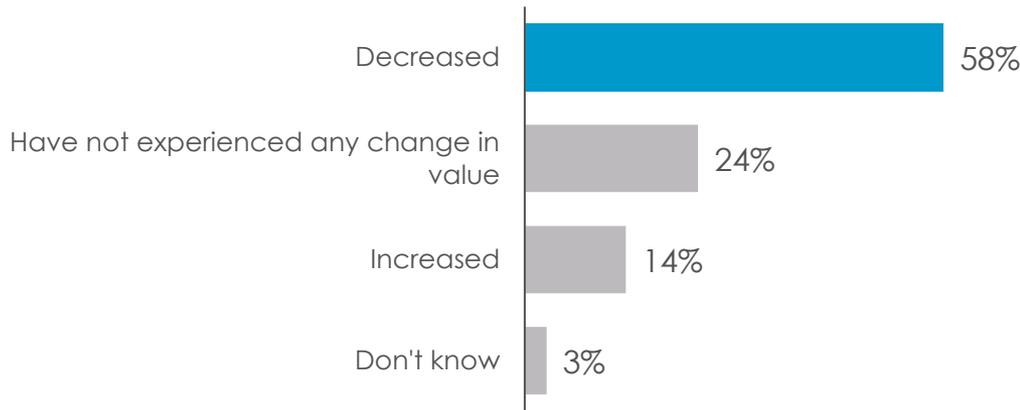


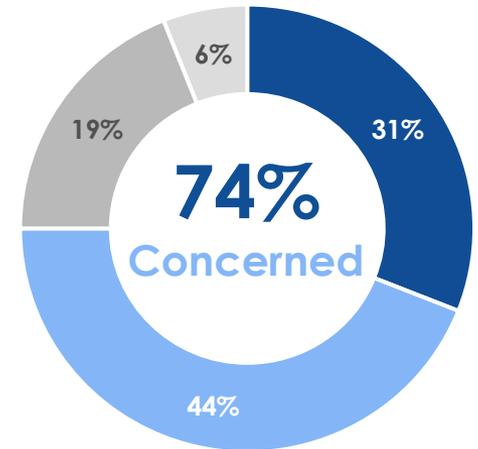
Figure 19

About 3 in 5 retirees report a decrease in their retirement account balances over the last 12 months. This decrease has concerned three-quarters of retirees.

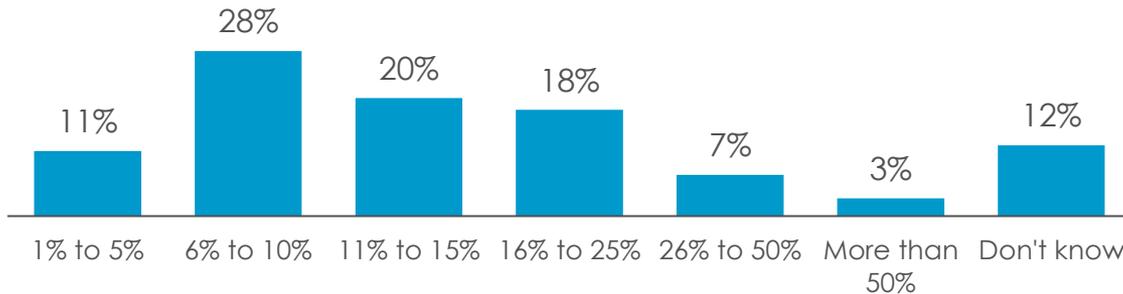
How have your retirement account balances changed in value over the past 12 months?
Retirees who saved for retirement n=961



How concerned are you about this decrease in your retirement account balances?
Retirement account balances decreased in value over the past 12 months; Retirees n=573



By approximately what percent did your retirement account balances decrease?
Retirement account balances decreased in value over the past 12 months; Retirees n=573



- Very concerned
- Somewhat concerned
- Not too concerned
- Not at all concerned

Figure 20

Of those who made plan changes, nearly 2 in 5 increased the amount they contribute. Up from last year, 16% switched to more conservative investments.

Which, if any, of the following have you done in the past year with your workplace retirement plan?
Workers who made changes to their workplace retirement plan n=657

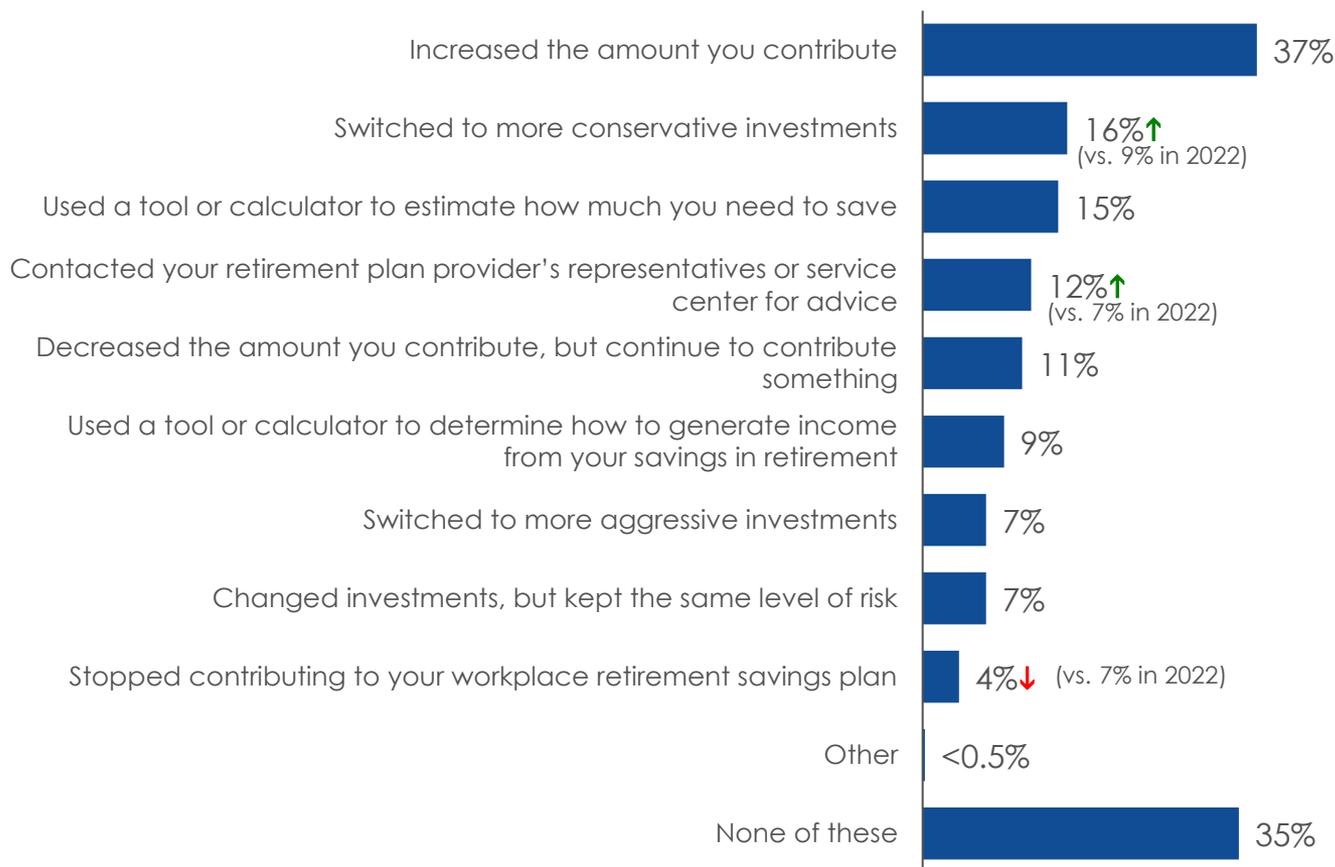


Figure 21

While most workers understand the following investment options at least somewhat well, they feel least knowledgeable about ESG investment options.

How well do you understand the following workplace retirement plan investment options?
Workers offered an employer-sponsored retirement savings plan n=657

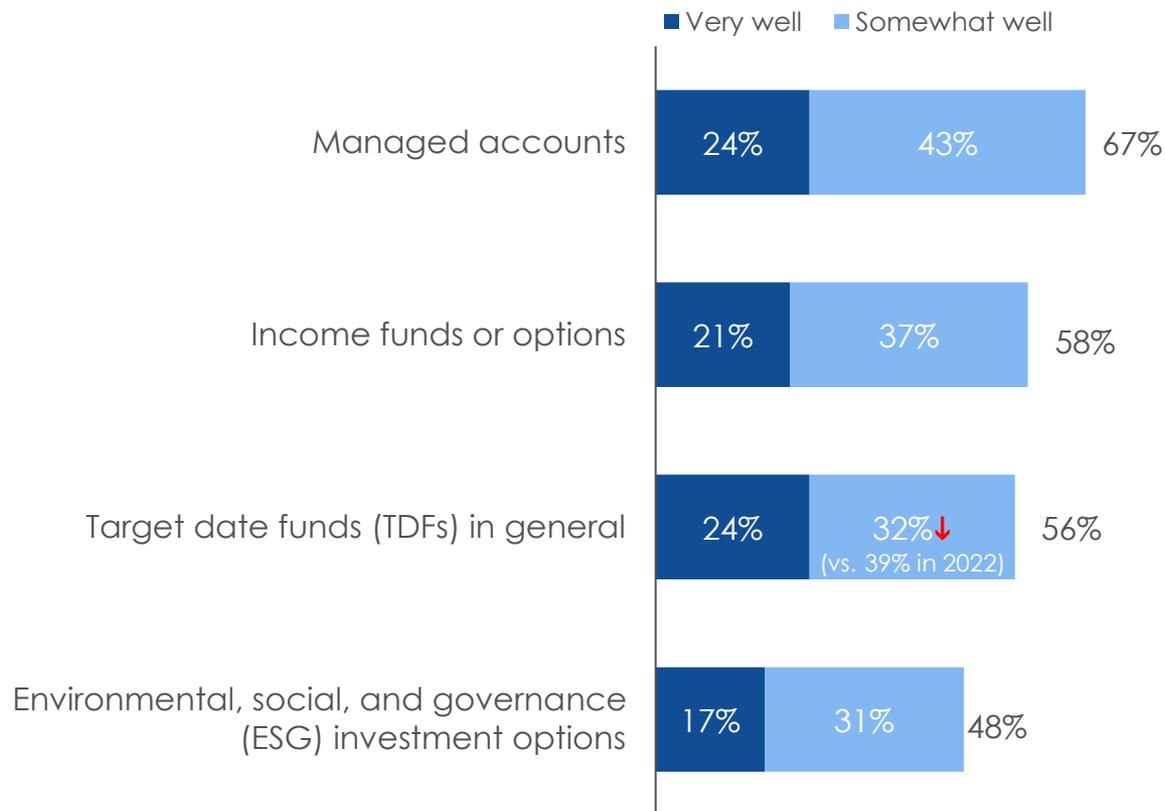
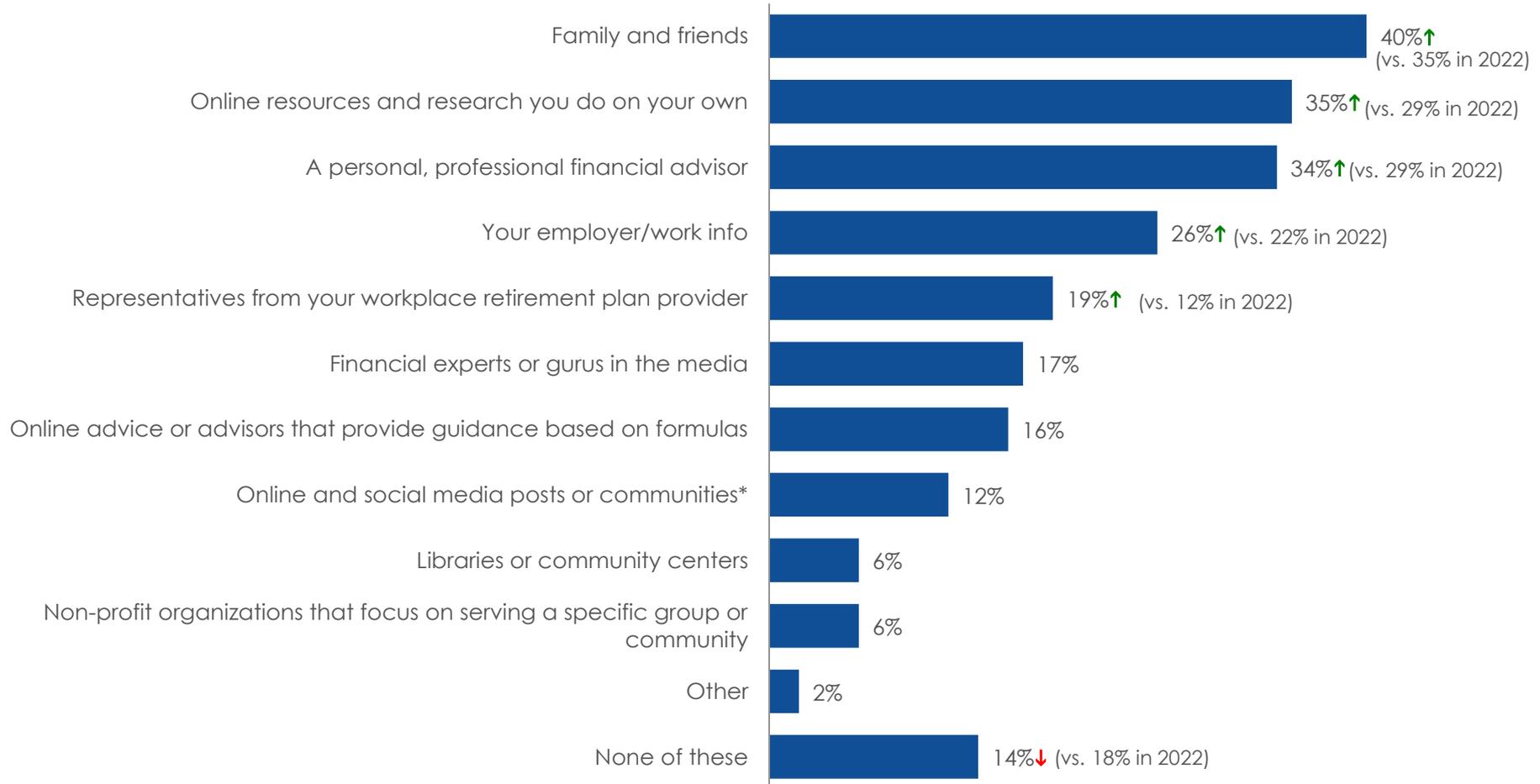


Figure 22

More workers this year use family and friends, their own research, a financial advisor, their employer, or representatives from their workplace retirement plan provider as sources of information.

Which of the following people or groups do you use as a source of information for retirement planning?
Workers n=1,320



*Newly added in 2023

↑=Significantly higher than previous year, ↓=significantly lower than previous year

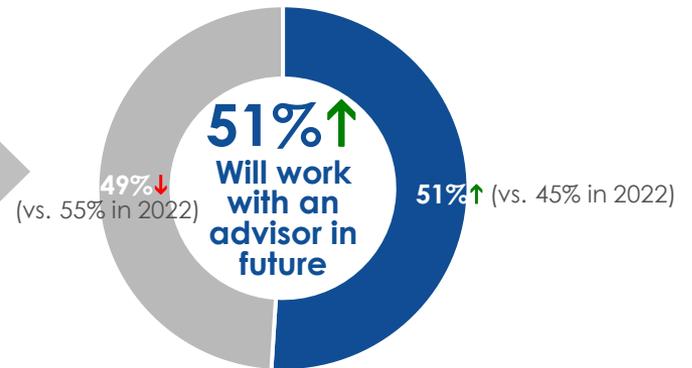
Figure 23

Over 1 in 3 workers and retirees currently work with a financial advisor. Up from last year, half of workers expect to do so in the future.

Do you currently work with a professional financial advisor?
Workers n=1,320



Do you think you will work with a professional financial advisor in the future?
Workers not currently working with an advisor n=925



Retirees n=1,217



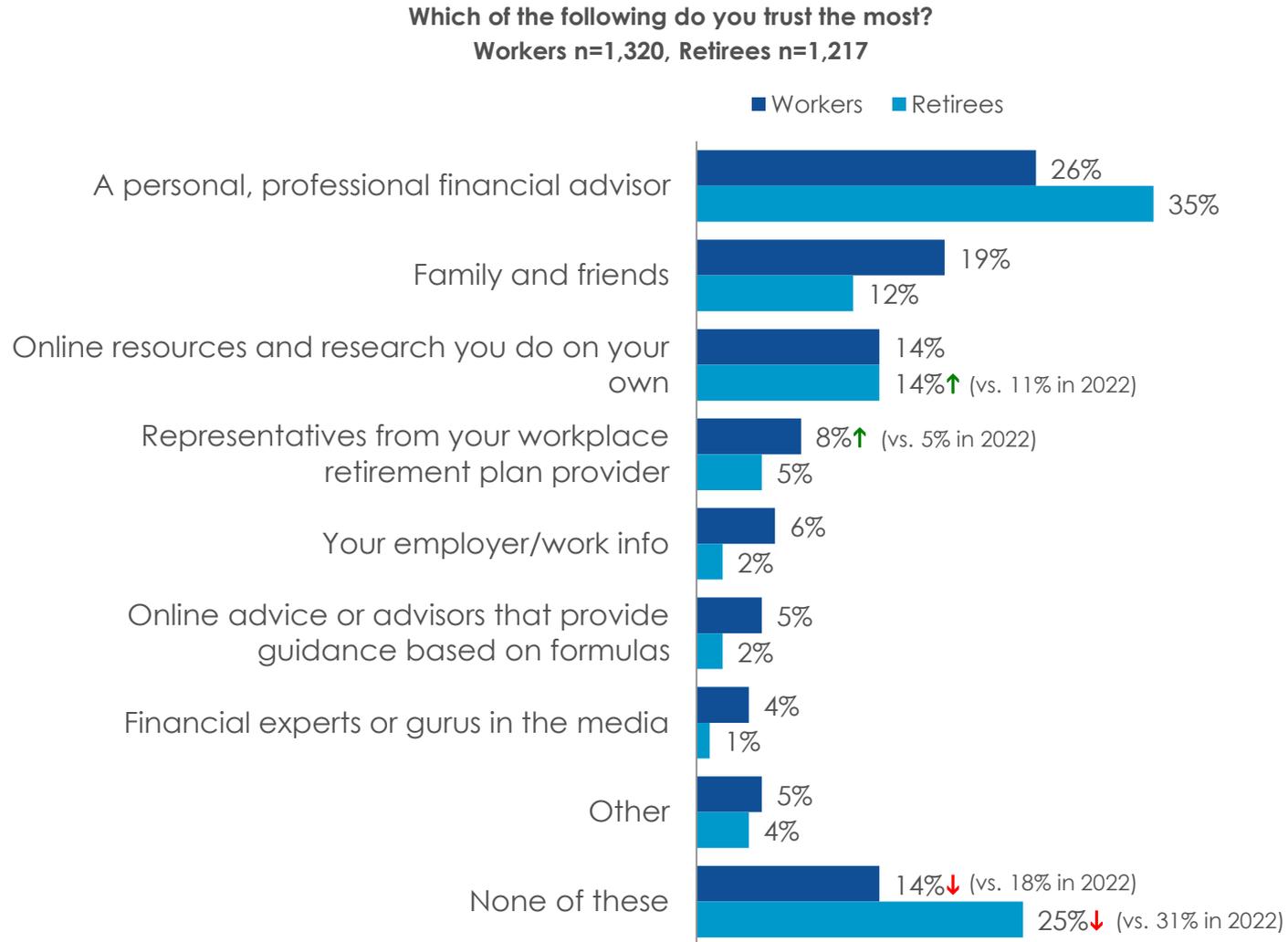
Retirees not currently working with an advisor n=711



↑=Significantly higher than previous year, ↓=significantly lower than previous year

Figure 24

More than a quarter of workers and about a third of retirees trust their personal financial advisor the most.



↑=Significantly higher than previous year, ↓=significantly lower than previous year

Figure 26

A significant decrease from last year, just half feel at least somewhat confident Medicare will continue to provide benefits of equal value to those received today.

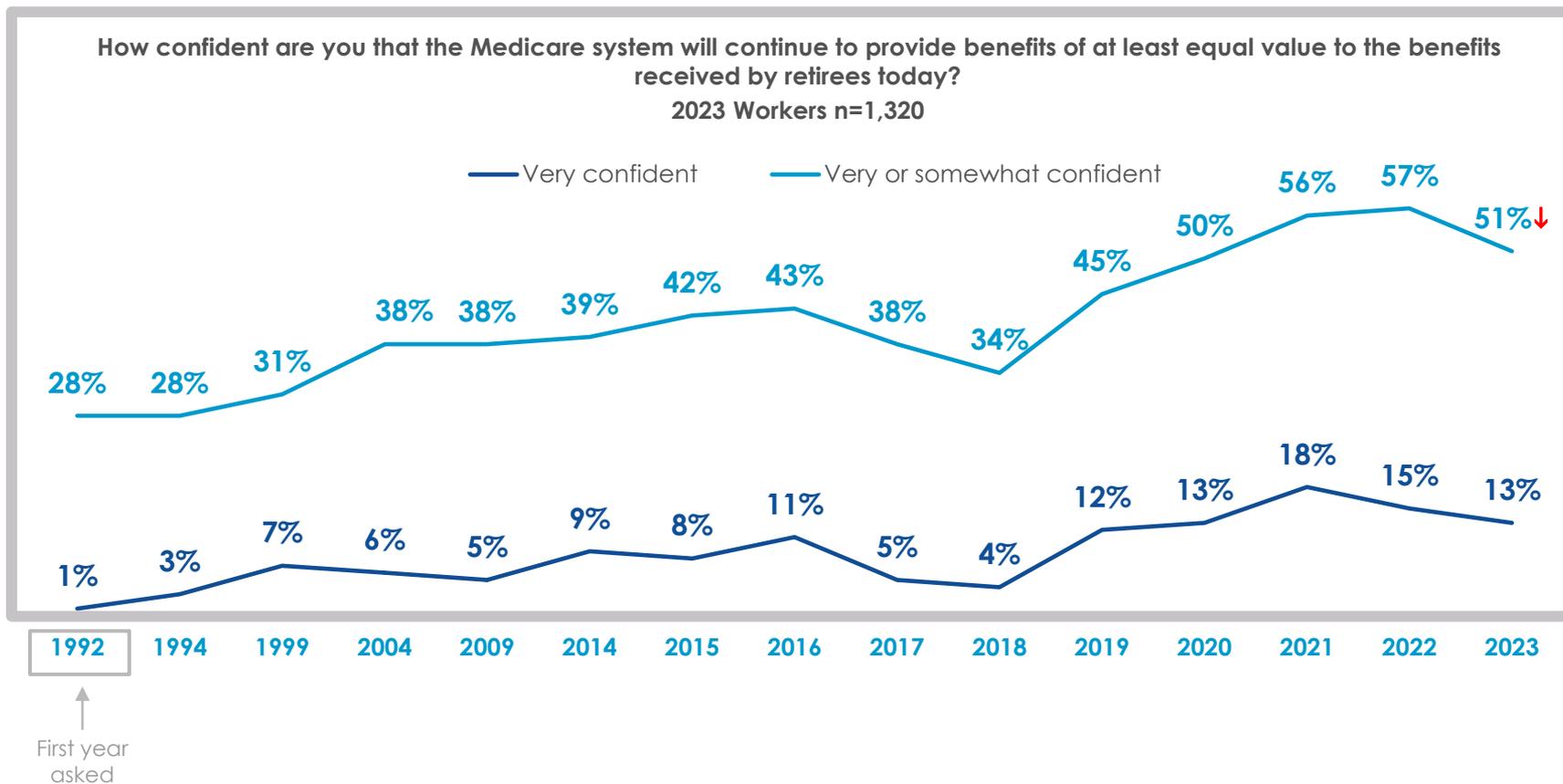


Figure 27

Compared with last year, retirees' confidence in consistent Medicare benefits remains steady, with about 7 in 10 who are very or somewhat confident.

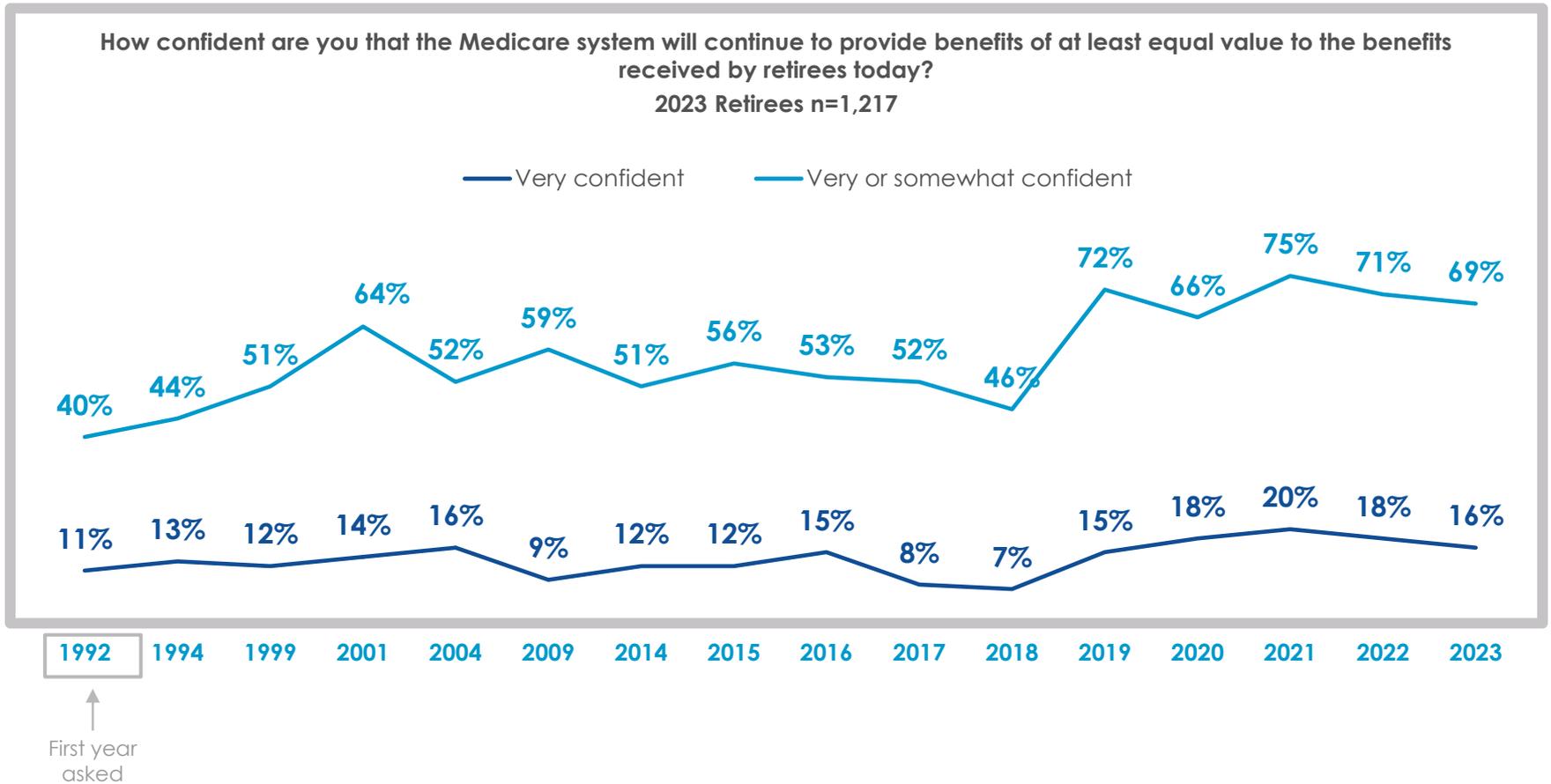


Figure 28

Nearly half of workers are confident that Social Security benefits will at least maintain their value in the future, comparable to the 2022 level.

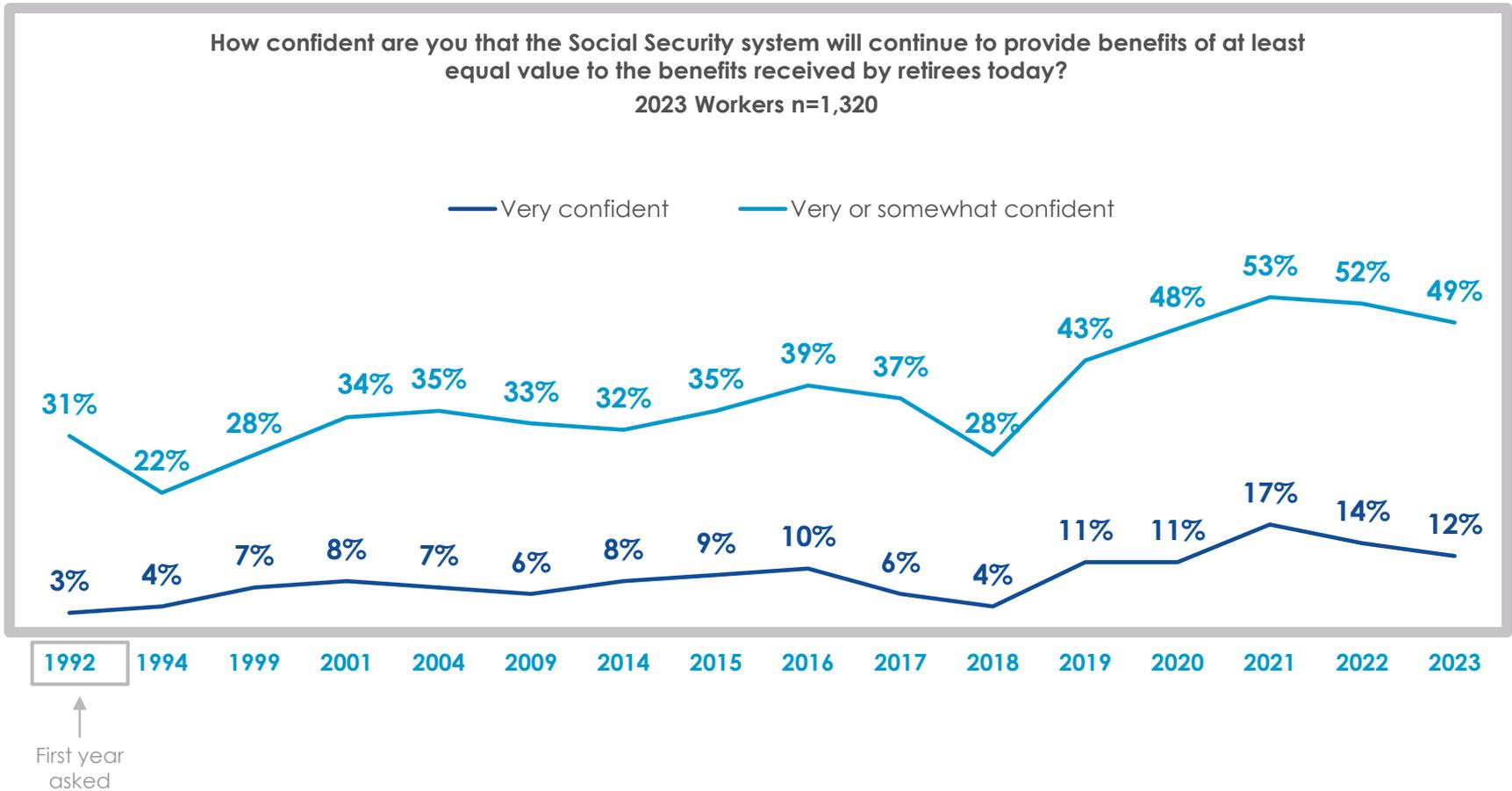


Figure 29

Retiree confidence in Social Security remains steady, with 7 in 10 who are at least somewhat confident in the system.

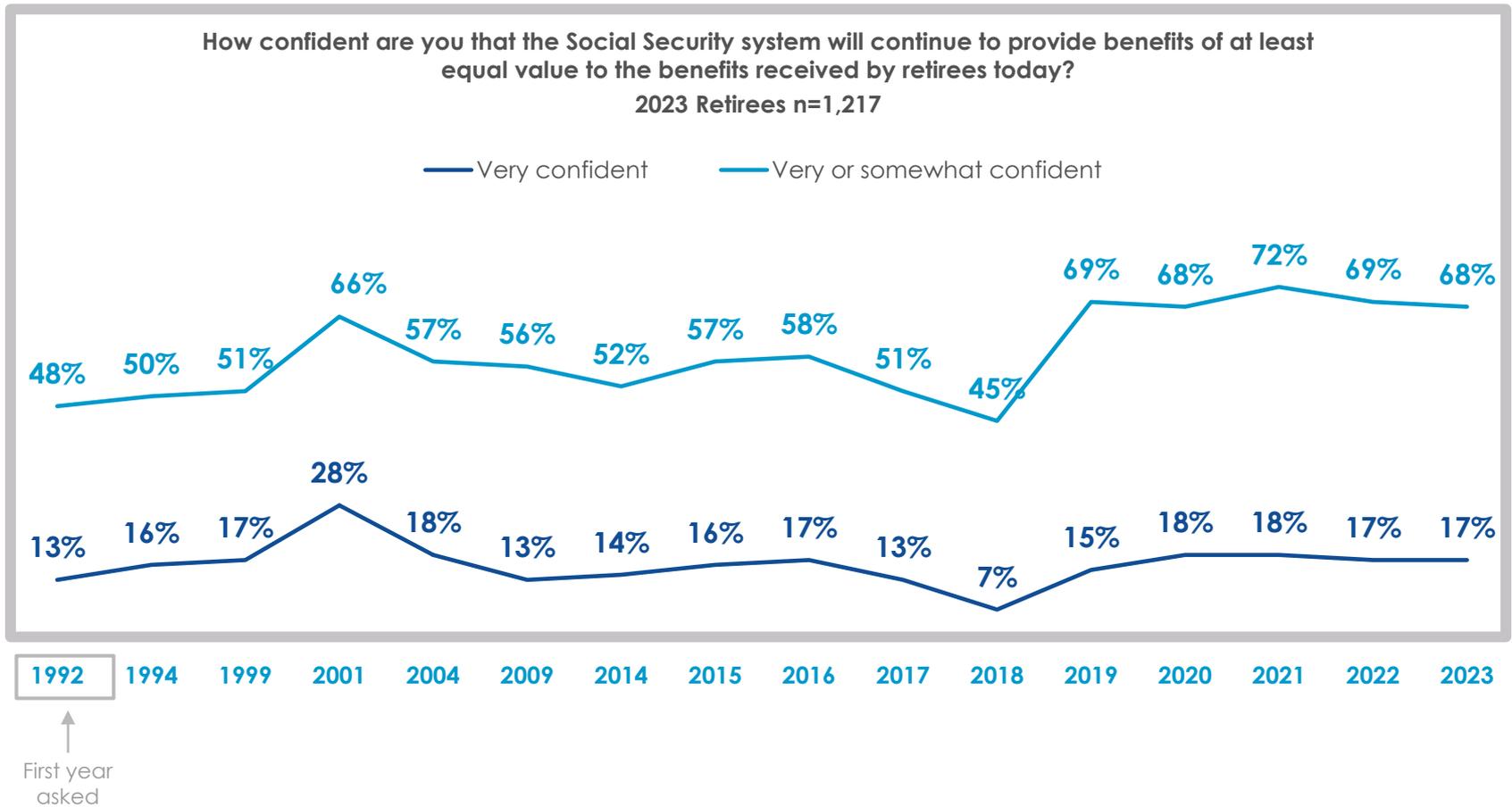
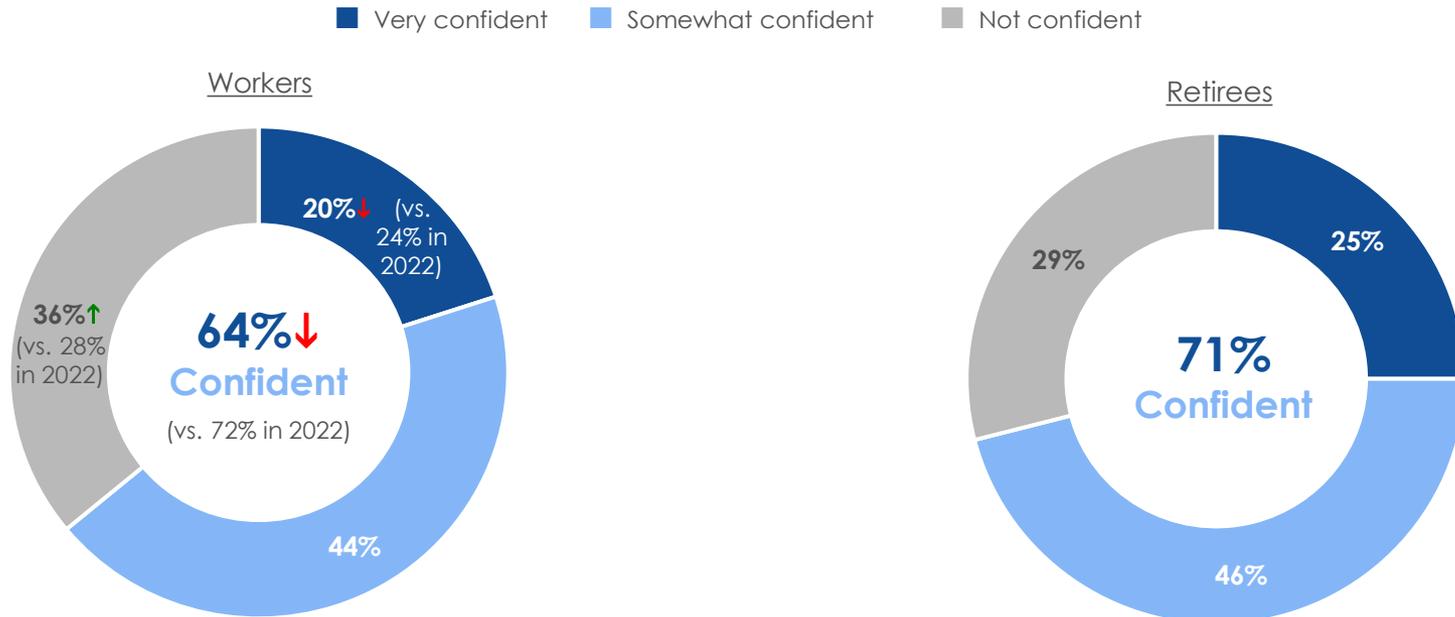


Figure 30

Down from last year, fewer than two-thirds of workers are confident they know how much money to draw from their retirement savings.

How confident are/were you (and your spouse)...?
That you know/knew how much to withdraw from your retirement savings and investments in retirement

Workers n=1,320, Retirees n=1,217

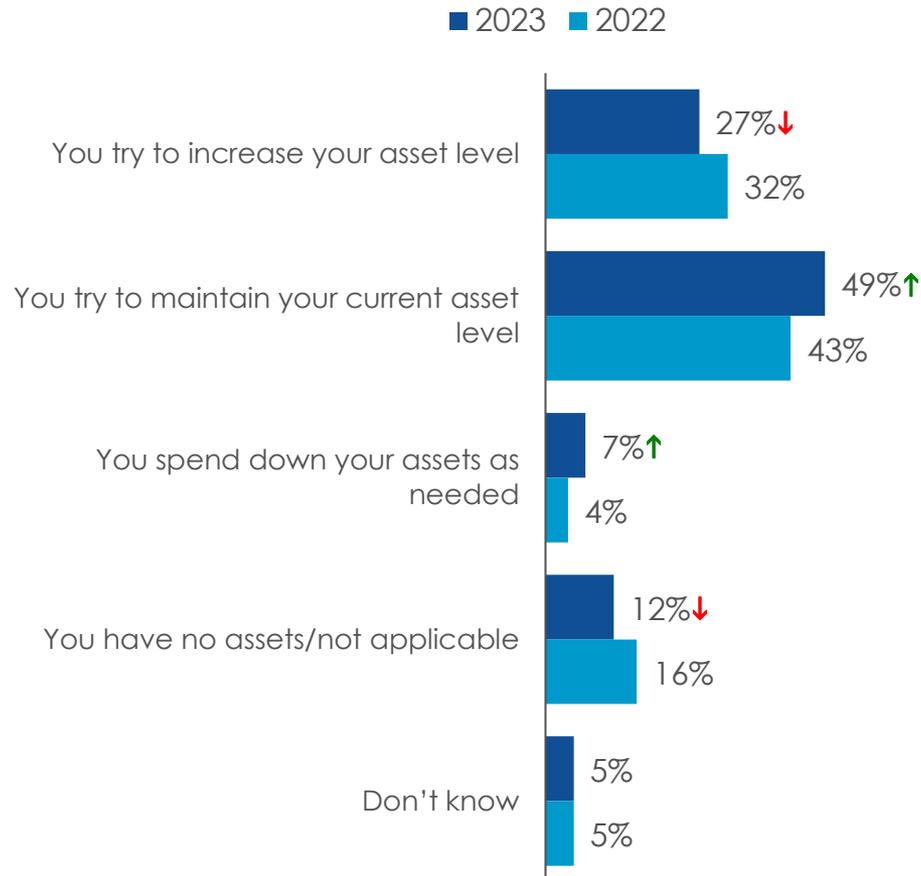


↑=Significantly higher than previous year, ↓=significantly lower than previous year

Figure 31

Down from last year, fewer than 1 in 3 retirees aim to increase their current level of assets. Up from last year, 7% of retirees are spending down.

Which one of the following best represents your behavior when it comes to your level of assets?
Retirees n=1,217

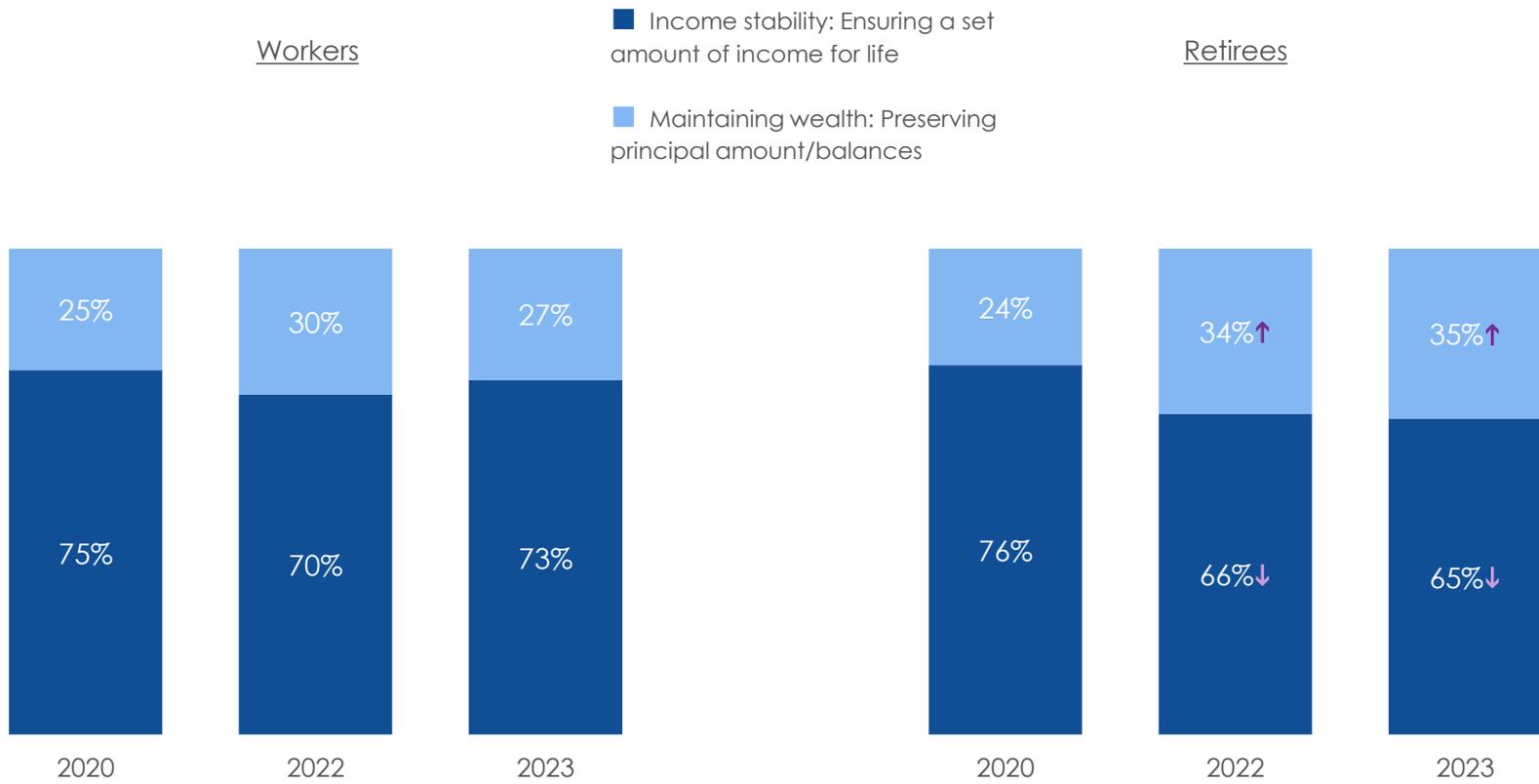


↑=Significantly higher than previous year, ↓=significantly lower than previous year

Figure 32

Nearly 3 in 4 workers and 2 in 3 retirees prioritize income stability.

Thinking about your financial priorities in retirement, which of these is more important to you?
Workers n=1,320, Retirees n=1,217



*Was not asked in 2021

↑=Significantly higher than 2020, ↓=significantly lower than 2020

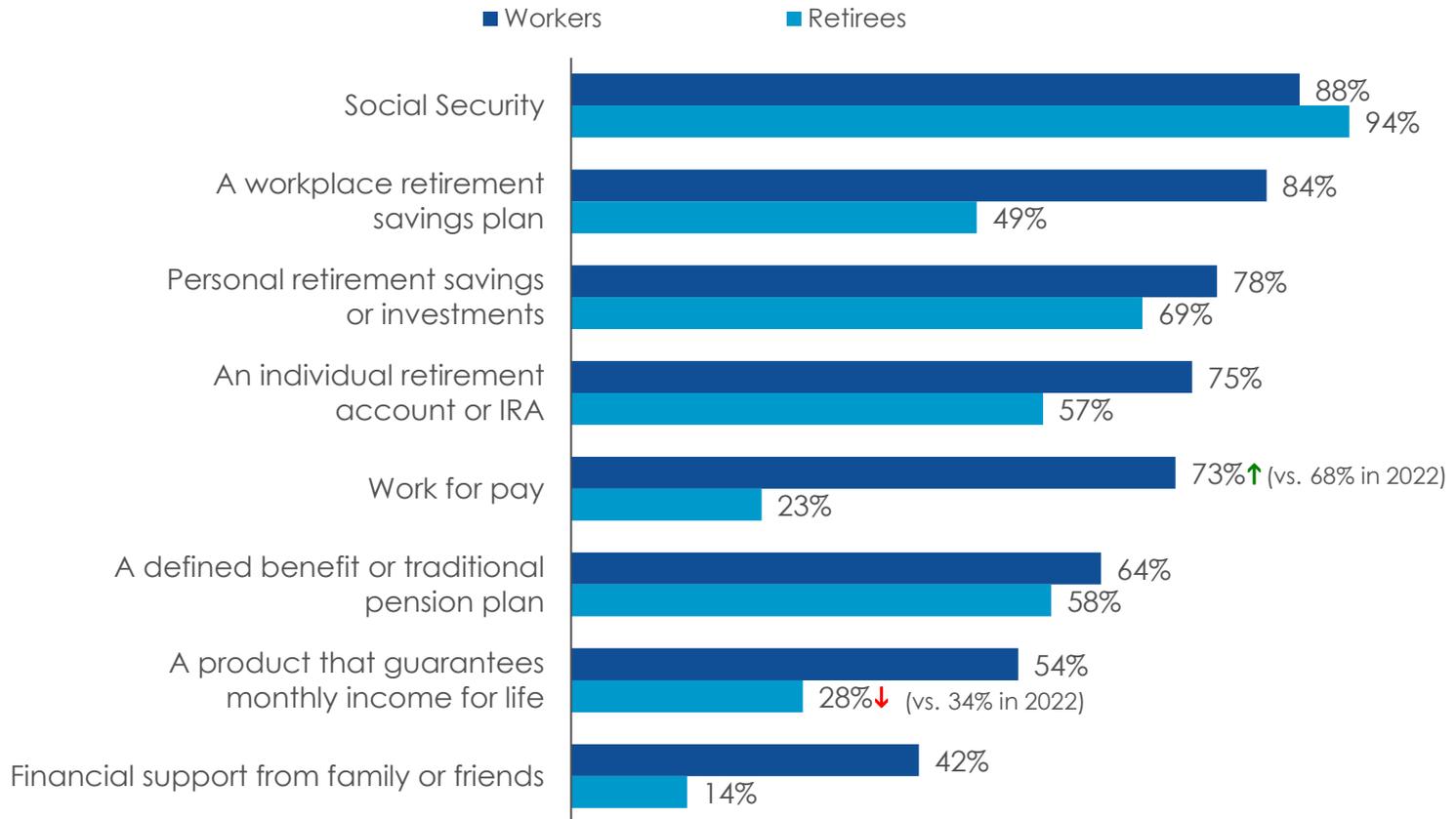
Figure 33

More than 8 in 10 workers expect their workplace retirement savings plan to be a source of income in retirement, whereas just half of retirees report it is.

To what extent (do you expect each of the following to be/is each of the following) a source of income in retirement?

Workers planning to retire n=1,153, Retirees n=1,217

Net: Major/Minor Source of Income



[↑]=Significantly higher than previous year, [↓]=significantly lower than previous year