

Craig Copeland's Comments
2018 Retirement Confidence Survey
April 24, 2018

Good morning. I'm Craig Copeland, senior research associate at the Employee Benefit Research Institute. I *will make* some brief remarks about the survey results and then turn it over to Lisa Greenwald from Greenwald & Associates. I will then provide some concluding remarks.

The 28th annual Retirement Confidence Survey (RCS), the longest-running survey of its kind in the nation, finds that two-thirds of Americans feel confident that they will have enough money to live comfortably throughout their retirement years, though only 21 percent feel very confident. This is unchanged from last year. The share of workers reporting that they feel either very or somewhat confident in 2018 was 64 percent up from 60 percent in 2017. Seventeen percent of workers in 2018 were very confident, which was unchanged from 2017.

In contrast to workers, retiree confidence in living comfortably throughout retirement showed signs it may be heading downward, where 75 percent of retirees were confident in 2018 compared with 79 percent in 2017, though this was not a statistically significant change.

I will turn it over to Lisa Greenwald for further explanation.

(BREAK FOR LISA'S REMARKS)

Thank you Lisa!

DC plan ownership is an important factor associated with worker confidence in being able to live comfortably throughout retirement, as 76 percent of workers with a DC plan are at least somewhat confident in their ability to live comfortably in retirement versus 46 percent of those without a DC plan. Furthermore, a large share of workers expect DC plans to be a source of income in retirement, as 8 in 10 workers say they expect a DC plan to be a major or minor source of income. However, only half of current retirees say that DC plans are a source of income.

While more workers expect DC plans to be a source of income in retirement than current retirees, workers are much less likely to expect Social Security to be a major source of income in retirement. In fact, 36 percent of workers expect Social Security to be a major source of income compared with 67 percent of retirees that report that Social Security is a major source of income.

With so many workers expecting DC plans to be a source of income in retirement, it is good to see that workers express satisfaction with their DC plans. Eighty-five percent of DC participants are satisfied overall with their DC plans. They are also satisfied with

various features of their plans such as investment options available and educational materials received.

However, there does appear to be some uncertainty on what DC participants will do with their money when they retire, as 31 percent say they don't know whether they will roll the money into an IRA, keep it in the plan, or cash it out. Yet, they did express interest in guaranteed lifetime income options either inside or outside of their plan, which could be due to the lower expected reliance of workers on other guaranteed income sources like Social Security and traditional pension plans.

Specifically, 4 in 5 current DC participants express interest in putting some or all of their money in guaranteed lifetime income products. Furthermore, 21 percent of current DC participants say they will use their money in their plan to purchase a product that provides guaranteed monthly income for life, a notably larger share than the 7 percent of retirees who report that they have purchased such a product with DC assets.

While DC plans play an important role in a successful retirement, there are factors that could lead workers astray in retirement. First, workers expect to retire later than retirees actually do, which may not be a choice for some workers due to deteriorating health or losing a job in older ages. Second, two in three workers expect work for pay to be a major or minor source of income. However, only 1 in 4 retirees say working is a source of income for them. Lastly, debt could greatly affect workers in retirement, as 2 in 3 workers call debt a major or minor problem and more than 4 in 10 say it's negatively impacting their ability to save for retirement. At the same time, about one quarter of retirees say debt is negatively impacting their lifestyle.

Thank you! Lisa and I will now answer any questions.