

Lisa Greenwald's Comments
2017 Retirement Confidence Survey
March 21, 2017

Thank you, Craig, and good morning everyone.

I would like to start by discussing what American workers say they are doing to prepare for retirement and how they feel about their retirement preparations. This year, we found that just over half of workers (56%) feel confident that they are doing a good job of preparing for retirement, though, like overall retirement confidence, only 18% feel *very* confident. Moreover, 3 in 10 workers say that preparing for retirement causes them mental or emotional stress.

Relatively small shares of workers are taking concrete steps to prepare for retirement. Just 44% have even *thought* about how they will occupy their time in retirement. Just 38% have *thought* about where they will live in retirement, specifically whether or not to move or downsize.

Similarly low shares of workers have tried to estimate critical aspects of their retirement finances. To start, just 4 in 10 (41%) have tried to figure out how much they need to save for retirement, leaving 6 in 10 who have *not even tried* to establish this key goal or target. Fewer than 4 in 10 have estimated how much monthly income they will need in retirement (38%), estimated how much income they can expect from Social Security, or tried to estimate what their expenses will be in retirement (34%).

The RCS has consistently demonstrated the impact that poor health or a disability can have on one's plans for retirement. This year finds that 48% of retirees retired *earlier* than expected, and the most frequently cited cause of early retirement continues to be health problems. Yet, among workers, just 2 in 10 (21%) say they have calculated how much they will need for healthcare expenses in retirement.

Workers age 55 or older are more likely than younger workers to have taken each of these steps. But, even among these older workers approaching retirement, the share reporting they've done these, in most cases, barely reaches 50%.

Even fewer workers report that they have engaged a financial professional to discuss retirement planning. Just 23% of workers overall have done this, though that number rises to 35% among those with household incomes of \$75,000 or more. And only 1 in 10 have prepared a formal, written plan for retirement. Again, that number rises among workers with higher household incomes (17% among \$75,000 or more), but these are still relatively low shares, even among this higher income group.

While working with a financial advisor to develop a formal retirement plan has a cost, *thinking* about retirement – how you will occupy your time, estimating your income needs and possible expenses – does not cost workers anything. This can be done over dinner conversations with a spouse or loved one, and/or by using one of the many online tools or calculators available today from non-profits or financial services companies.

Interestingly, workers who feel stressed about retirement preparations are just as likely as those who do not feel stressed to have taken most of these steps. There is one very notable exception. Workers who *do not feel stressed* are more likely than stressed workers to have estimated their monthly retirement income needs (43% not stressed vs. 33% stressed). This suggests to me that *thinking* about retirement, without putting some numbers around what's needed, causes stress. Indeed, as we've found in prior years, workers who have done a retirement savings needs calculation are much more likely to feel confident in their ability to live comfortably in retirement (30% very confident vs. 13% among those who haven't done calculation).

I'd like to briefly touch on another topic related to how workers both expect to occupy their time in retirement and what sources of income they may be counting on. The RCS continues to find a large gap in workers' expectations for working in retirement and retirees' actual experiences with working for pay post-retirement. 79% of workers expect to do some work for pay in retirement, while only 29% of retirees report they actually have worked for pay since retiring. In a multiple response question, large shares of workers say they want to continue working to stay active and involved (94%) or because they enjoy their work (82%). However, majorities also expect to work for pay in retirement for financial reasons: 90% plan to work in retirement because they want money for extras, 74% say they'll need the income to make ends meet, and 73% want to keep their health insurance or other benefits. This difference between workers' expectations and retirees' actual experiences indicates potentially problematic gaps in what workers expect their retirement to look like and what the reality may be, both in terms of how they spend their time and their possible sources of income.

Lastly, I think this year's RCS offers some insight into how we can help workers with retirement preparations and the stress it may or may not be causing. Overall, 3 in 10 workers report that they worry about their personal finances while at work, and large majorities suggest that both their productivity and mental wellbeing could be improved if financial planning programs were available. Specifically, 53% say that a "retirement planning" program would be helpful to improve their productivity, 49% suggest a "financial planning" program would help, and 47% say a "healthcare planning" program would help improve productivity. To me, this makes a lot of sense. Workers earn their money at work; they think about their money at work. So it seems to me, the workplace is the most intuitive place for them to get financial help and guidance on the steps they should be taking to prepare for retirement.

And now I would like to turn this back to Craig Copeland.