Key Findings of the 30th Annual Retirement Confidence Survey

EBRI Webinar
May 19, 2020
Speakers

Craig Copeland, Senior Research Associate, EBRI

Jodan Ledford, Chief Client Officer, LGIMA

Joe Healy, Senior Vice President, Account Manager and DC Specialist, PIMCO

Moderated by: Neil Lloyd, Head US Defined Contribution & Financial Wellness Research, Mercer
Retirement Confidence Survey (RCS) – 2020

• The RCS, in its 30th year in 2020, is the longest-running survey of its kind, measuring worker and retiree confidence about retirement, and is conducted by EBRI and Greenwald & Associates.

• The 2020 survey of 2,042 Americans, 1,018 workers and 1,024 retirees ages 25 or older, was conducted online January 6 through January 21, 2020.

• Data were weighted by age, gender, education, household income and race to be nationally representative. The margin of error would be ± 3.13 percentage points for both workers and retirees in a similarly-sized random sample.

• Recognizing the impact COVID-19 may likely have had an impact on RCS results and key metrics, a supplemental survey of key questions was re-fielded from March 20-30, 2020. The supplemental survey included 505 workers and 499 retirees ages 25 or older.

• This presentation focuses retirement confidence and planning of workers and retirees, including overall confidence and in various aspects relating to retirement. Furthermore, those who have calculated retirement needs, expected and actual retirement ages, and the amount currently saved.
7 in 10 workers are confident in having enough money to live comfortably in retirement. The share who feel very confident is still on the rise from 2018.
About 3 in 4 retirees are confident they will have enough to live comfortably in retirement, down significantly from 2019.

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years?

First year asked: March 2020:

- Very Confident: 26%
- Net Very or Somewhat Confident: 76%

Legend:
- ↑ = Up significantly from previous year
- ↓ = Down significantly from previous year
- ↑ = Up significantly from January 2020
- ↓ = Down significantly from January 2020

© Employee Benefit Research Institute 2020
Workers are more confident that they will have enough money to take care of medical expenses in retirement and have enough money to last their entire life, compared to 2019.

How confident are you (and your spouse) about the following aspects related to retirement?

- Very Confident
- Somewhat Confident

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Very Confident (%)</th>
<th>Somewhat Confident (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>You will have enough money to take care of your basic expenses during your retirement</td>
<td>33%</td>
<td>42%</td>
<td>75%</td>
</tr>
<tr>
<td>First year asked (1992): 78%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You will have enough money to take care of your medical expenses during your retirement</td>
<td>22%</td>
<td>42%</td>
<td>64%</td>
</tr>
<tr>
<td>First year asked (1992): 55%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You will have enough money to last your entire life</td>
<td>22%</td>
<td>41%</td>
<td>63%</td>
</tr>
<tr>
<td>First year asked (1992): 55%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You will have enough money to pay for long-term care, such as nursing home or home care, should you need it during your retirement</td>
<td>18%</td>
<td>36%</td>
<td>54%</td>
</tr>
</tbody>
</table>

March 2020:

- Very Confident: 24%
- Net V/S Confident: 69%

First year asked (1992): 78%

March 2020:

- Very Confident: 17%
- Net V/S Confident: 60%

First year asked (1992): 55%

March 2020:

- Very Confident: 17%
- Net V/S Confident: 57%

First year asked (1992): 55%

March 2020:

- Very Confident: 17%
- Net V/S Confident: 50%

First year asked (1992): 55%

Up significantly from previous year
- = Down significantly from previous year
- = Up significantly from January 2020
- = Down significantly from January 2020

© Employee Benefit Research Institute 2020
Retiree confidence is down from 2019, especially when it comes to covering medical expenses or having their money last their entire life.

How confident are you (and your spouse) about the following aspects related to retirement?

- **You will have enough money to take care of your basic expenses during your retirement**
  - Very Confident: 38% (vs. 68% in 1992)
  - Somewhat Confident: 44%
  - Total: 81%

- **You will have enough money to take care of your medical expenses during your retirement**
  - Very Confident: 28% (vs. 80% in 1992)
  - Somewhat Confident: 42%
  - Total: 70%

- **You will have enough money to last your entire life**
  - Very Confident: 27% (vs. 76% in 1992)
  - Somewhat Confident: 41%
  - Total: 68%

- **You will have enough money to pay for long-term care, such as nursing home or home care, should you need it during your retirement**
  - Very Confident: 15% (vs. 59% in 1992)
  - Somewhat Confident: 37%
  - Total: 52%

March 2020:
- Very Confident: 40%
- Net V/S Confident: 85%
- Very Confident: 26%
- Net V/S Confident: 74%
- Very Confident: 23%
- Net V/S Confident: 74%
- Very Confident: 15%
- Net V/S Confident: 52%

↑ = Up significantly from previous year
↓ = Down significantly from previous year
↑ = Up significantly from January 2020
↓ = Down significantly from January 2020
While 8 in 10 workers are confident in their ability to manage day to day finances, they are less confident in knowing how much money to draw from their retirement savings to fund their lives.

How confident are/were you (and your spouse)…?

In your ability to manage day-to-day finances as you age

- Very Confident
- Somewhat Confident
- Not Confident

Workers:
- 21% Confident
- 30% Somewhat Confident
- 49% Not Confident

Retirees:
- 14% Confident
- 41% Somewhat Confident
- 45% Not Confident

You know/knew how much to withdraw from your retirement savings and investments in retirement

Workers:
- 19% Confident
- 43% Somewhat Confident
- 39% Not Confident

Retirees:
- 29% Confident
- 25% Somewhat Confident
- 46% Not Confident
Two-thirds of workers are confident that they are doing a good job preparing financially for retirement and the share who feel very confident has increased since last year.

How confident are you that you (and your spouse) are doing a good job of preparing financially for your retirement?

- **Very Confident**
- **Very or Somewhat Confident**

<table>
<thead>
<tr>
<th>Year</th>
<th>Very Confident</th>
<th>Very or Somewhat Confident</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>64%</td>
<td>22%</td>
</tr>
<tr>
<td>1999</td>
<td>74%</td>
<td>23%</td>
</tr>
<tr>
<td>2004</td>
<td>73%</td>
<td>26%</td>
</tr>
<tr>
<td>2009</td>
<td>69%</td>
<td>20%</td>
</tr>
<tr>
<td>2014</td>
<td>66%</td>
<td>22%</td>
</tr>
<tr>
<td>2015</td>
<td>68%</td>
<td>25%</td>
</tr>
<tr>
<td>2016</td>
<td>71%</td>
<td>28%</td>
</tr>
<tr>
<td>2017</td>
<td>56%</td>
<td>18%</td>
</tr>
<tr>
<td>2018</td>
<td>60%</td>
<td>14%</td>
</tr>
<tr>
<td>2019</td>
<td>63%</td>
<td>21%</td>
</tr>
<tr>
<td>2020</td>
<td>67%</td>
<td>25%</td>
</tr>
</tbody>
</table>

March 2020:
- **Very Confident:** 21%
- **Net V/S Confident:** 64%
About 2 in 3 workers and retirees report that they have personally saved money for retirement.

Have you (or your spouse) **personally** saved any money for retirement?

<table>
<thead>
<tr>
<th>Category</th>
<th>Workers</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers</td>
<td>Yes</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>Retirees</td>
<td>Yes</td>
<td>66%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Are you (or your spouse) **currently** saving for retirement?

<table>
<thead>
<tr>
<th>Category</th>
<th>Workers</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers</td>
<td>Yes</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>Retirees</td>
<td>Yes</td>
<td>54%</td>
<td>46%</td>
</tr>
</tbody>
</table>

First year asked (1994): 53% for Workers, 58% for Retirees.
Over 6 in 10 workers without a retirement plan have less than $1,000 in savings, versus just 8% of those with a plan.

In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence or defined benefit plan assets?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1,000</td>
<td>28%</td>
<td>36%</td>
<td>28%</td>
<td>26%</td>
<td>24%</td>
<td>26%</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>$1,000 - $9,999</td>
<td>18%</td>
<td>16%</td>
<td>17%</td>
<td>16%</td>
<td>14%</td>
<td>11%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>11%</td>
<td>8%</td>
<td>12%</td>
<td>12%</td>
<td>9%</td>
<td>8%</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>$25,000 - $49,999</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
<td>8%</td>
<td>9%</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>$50,000 - $99,999</td>
<td>10%</td>
<td>9%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>11%</td>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>$100,000 - $249,999</td>
<td>12%</td>
<td>11%</td>
<td>10%</td>
<td>12%</td>
<td>15%</td>
<td>15%</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>$250,000 or more</td>
<td>12%</td>
<td>11%</td>
<td>14%</td>
<td>14%</td>
<td>20%</td>
<td>21%</td>
<td>23%</td>
<td>30%</td>
</tr>
</tbody>
</table>

*Have Retirement Plan defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan

Figures from all years presented exclude those who answered 'Don’t know' or refused to answer

= Up significantly from previous year  = Down significantly from previous year
Nearly 4 in 10 retirees report more than $250,000 in savings. A majority without a retirement plan report having less than $1,000 saved.

In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence or defined benefit plan assets?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1,000</td>
<td>31%</td>
<td>29%</td>
<td>35%</td>
<td>27%</td>
<td>21%</td>
<td>25%</td>
<td>14%</td>
<td>21%</td>
</tr>
<tr>
<td>$1,000 - $9,999</td>
<td>16%</td>
<td>17%</td>
<td>11%</td>
<td>15%</td>
<td>8%</td>
<td>7%</td>
<td>8%</td>
<td>11%</td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>8%</td>
<td>12%</td>
<td>7%</td>
<td>13%</td>
<td>6%</td>
<td>4%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>$25,000 - $49,999</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
<td>7%</td>
<td>3%</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>$50,000 - $99,999</td>
<td>10%</td>
<td>7%</td>
<td>10%</td>
<td>9%</td>
<td>7%</td>
<td>8%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>$100,000 - $249,999</td>
<td>10%</td>
<td>11%</td>
<td>10%</td>
<td>10%</td>
<td>16%</td>
<td>13%</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>$250,000 or more</td>
<td>17%</td>
<td>17%</td>
<td>19%</td>
<td>19%</td>
<td>38%</td>
<td>37%</td>
<td>43%</td>
<td>38%</td>
</tr>
</tbody>
</table>

*Have Retirement Plan defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan

Figures from all years presented exclude those who answered ‘Don’t know’ or refused to answer

= Up significantly from previous year  = Down significantly from previous year
Up from 2019, about half of workers have actually tried to calculate how much money they will need in retirement.

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? (Percent Yes)

Figures from all years presented exclude those who answered ‘Don’t know’ or refused to answer.
Retirees are just as likely as workers to say they tried to calculate how much money they will need in retirement before actually retiring.

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?

- Yes: 49%
- No: 51%

Figures exclude those who answered 'Don’t know' or refused to answer.
This year, workers generally expect to retire later than previous years’ workers, though the median expectation remains at 65.

Realistically, at what age do you expect to retire?

Figures presented exclude those who answered ‘Don’t know’ or refused to answer.

March 2020:

Median: 65
Most retirees continue to report retiring earlier than age 65.

How old were you when you retired?

Figures presented exclude those who answered 'Don’t know' or refused to answer.
Nearly half (48%) of retirees retired earlier than planned, compared to 43% in 2019. Did you retire…?

- Earlier Than Planned
- About When Planned
- Later Than Planned

- 1991 (First year asked)
- 1999
- 2004
- 2005
- 2009
- 2014
- 2015
- 2016
- 2017
- 2019
- 2020

↑ = Up significantly from previous year
↓ = Down significantly from previous year
Confidence is significantly lower among those who say their employment status has negatively changed or anticipate it to negatively change within the next six months.

### Differences by Change in Employment Status

<table>
<thead>
<tr>
<th></th>
<th>No Negative employment status change*</th>
<th>Negative employment status change*</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Very/Somewhat Confident</td>
<td></td>
<td></td>
</tr>
<tr>
<td>They will have enough money to live comfortably in retirement</td>
<td>67%</td>
<td>47%</td>
</tr>
<tr>
<td>They will have enough money to last their entire life</td>
<td>62%</td>
<td>39%</td>
</tr>
<tr>
<td>They will have enough to take care of medical expenses</td>
<td>63%</td>
<td>46%</td>
</tr>
<tr>
<td>They will have enough to take care of basic expenses</td>
<td>72%</td>
<td>55%</td>
</tr>
<tr>
<td>They will have enough for long-term care expenses</td>
<td>56%</td>
<td>28%</td>
</tr>
<tr>
<td>They are doing a good job preparing for retirement</td>
<td>67%</td>
<td>49%</td>
</tr>
<tr>
<td>The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today</td>
<td>58%</td>
<td>39%</td>
</tr>
<tr>
<td>The Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today</td>
<td>55%</td>
<td>35%</td>
</tr>
</tbody>
</table>

All bolded percentages are statistically significant

*Negative employment status change or anticipated negative change in employment status in next 6 months
Only about half of workers say they understand TDFs, how they work, and how to choose the right fund. Older workers have an even lower understanding.

### How well do you understand the following?
Workers offered an employer-sponsored retirement savings plan n=531

<table>
<thead>
<tr>
<th>Category</th>
<th>Ages 50 or Younger</th>
<th>Ages 51 or Older</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Date Funds (TDFs) in general</td>
<td>Very Well: 17%</td>
<td>Very Well: 15%</td>
</tr>
<tr>
<td></td>
<td>Somewhat Well: 35%</td>
<td>Somewhat Well: 30%</td>
</tr>
<tr>
<td></td>
<td>Total: 52%</td>
<td>Total: 46%</td>
</tr>
<tr>
<td>How TDFs change or adjust investments over time</td>
<td>Very Well: 18%</td>
<td>Very Well: 13%</td>
</tr>
<tr>
<td></td>
<td>Somewhat Well: 33%</td>
<td>Somewhat Well: 28%</td>
</tr>
<tr>
<td></td>
<td>Total: 51%</td>
<td>Total: 41%</td>
</tr>
<tr>
<td>How to choose the right TDF for you</td>
<td>Very Well: 17%</td>
<td>Very Well: 13%</td>
</tr>
<tr>
<td></td>
<td>Somewhat Well: 33%</td>
<td>Somewhat Well: 27%</td>
</tr>
<tr>
<td></td>
<td>Total: 50%</td>
<td>Total: 40%</td>
</tr>
</tbody>
</table>

Not previously asked

Most plan participants consider themselves “do-it-with-me” or “do-it-for-me” investors, preferring to get at least some guidance from a professional or online tool when selecting plan investments.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Do-it-for-me</th>
<th>Do-it-with-me</th>
<th>Do-it-myself</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages 50 or Younger</td>
<td>28%</td>
<td>41%</td>
<td>24%</td>
<td>7%</td>
</tr>
<tr>
<td>Age 51 or Older</td>
<td>24%</td>
<td>40%</td>
<td>30%</td>
<td>6%</td>
</tr>
</tbody>
</table>

2 in 3 retirees report personal savings or investments to be a major or minor source of their retirement income.

To what extent is each of the following a source of income in retirement?  
2020 Retirees n=1,024

**Personal Retirement Savings or Investments**

- **Major Source**
- **Minor Source**
- **Not a Source**

This is not your parents’ retirement

### Projected Income Source by Generation (Age 67)

- **Social Security**
- **DB Pension**
- **Retirement Account**

**Source:** Social Security Bulletin.
8 in 10 workers and 7 in 10 retirees say it would be helpful if their employer offered education or advice on converting savings into income in retirement.

How helpful, if at all, do you think the following workplace educational or financial well-being programs would be in helping you better prepare or save for retirement?
Workers employed full- or part-time n=736, Retirees employed full- or part-time n=72

Education or advice on how to convert savings into income in retirement

Workers

- 82% Helpful
- 35% Somewhat Helpful
- 18% Very Helpful
- 47% Not Helpful

Retirees

- 71% Helpful
- 38% Somewhat Helpful
- 29% Very Helpful
- 34% Not Helpful

Not previously asked

Most valued improvements to a retirement plan include: better explanations on future expected income, more one-to-one education, and more investment options for after retirement.

Which of the following would be the most valuable improvements to your retirement savings plan?

Workers offered an employer-sponsored retirement savings plan n=531

- Better explanations for how much income your savings will produce in retirement: 41%
- Better explanations for whether you are on track with your retirement savings: 34%
- More one-on-one, in-person education: 28%
- More online educational tools: 19%
- More investment options designed for after you retire: 23%
- More fund or investment options available: 21%
- More environmentally or socially responsible investment options available (ESG): 17%
- Less investment options available: 9%
- Other: 6%
- None of the above: 3%

Two-thirds of consultants advising DC plans believe a retirement tier should be offered

Do you believe plans should offer a separate retirement income tier? (n=32)
2019 PIMCO Defined Contribution Consulting Study. Provided with permission of PIMCO®. All rights reserved. PIMCO is a trademark of Allianz Asset Management of America L.P. in the United States and throughout the world.

Preference to offer a retirement income tier was consistent with last year’s results.
1 in 2 retirees aim to maintain their current level of assets and 1 in 4 aim to increase their assets.

Which one of the following best represents your behavior when it comes to your level of assets?

- You try to increase your asset level (24%)
- You try to maintain your current asset level (51%)
- You spend down your assets as needed (6%)
- You have no assets/not applicable (13% ↑ vs. 10% in 2019)
- Don’t know (7% ↓ vs. 11% in 2019)

Among those who aim to increase their assets, 2 in 3 say they are saving for later expenses. About 3 in 10 say they want to leave an inheritance or want to increase asset levels for long-term care needs.

Why is your goal to increase your asset level?
Retirees who want to increase asset level n=272

- Saving for later expenses: 64%
- Want to leave an inheritance: 33%
- Long-term care needs: 30%
- Increasing cost of health insurance: 22%
- Saving for a specific purchase: 18%
- Afraid you will run out of money: 17%
- Your spending is higher than expected: 7%
- Other: 7%

Consultants preferred retirement income characteristics: 4% or greater annual distribution delivered monthly

**Preferred distribution frequency**

- Monthly: 72%
- Quarterly: 25%
- Semiannually: 0%
- Annually: 3%

**Preferred distribution yield**

- 3%: 53%
- 4%: 34%
- 5%: 0%
- 6%: 0%
- 7%: 13%

Q41A: What is your preferred distribution yield? (n=32)
Q41B: What is your preferred distribution frequency? (n=32)

2019 PIMCO Defined Contribution Consulting Study. Provided with permission of PIMCO®. All rights reserved. PIMCO is a trademark of Allianz Asset Management of America L.P. in the United States and throughout the world.

EBRI  
EMPLOYEE BENEFIT RESEARCH INSTITUTE  
© Employee Benefit Research Institute 2020
# Who are confident retirees? They are more likely to be…

<table>
<thead>
<tr>
<th>DEMOGRAPHICS</th>
<th>SAVINGS</th>
<th>RETIREMENT PLAN</th>
<th>MAJOR SOURCES OF INCOME IN RETIREMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>62% Married</td>
<td>78% Have saved for retirement</td>
<td>59% Have DB plan</td>
<td>46% From DB plan</td>
</tr>
<tr>
<td>(vs. 32% less confident)</td>
<td>(vs. 28% less confident)</td>
<td>(vs. 21% less confident)</td>
<td>(vs. 24% less confident)</td>
</tr>
<tr>
<td>50% Men</td>
<td>63% Currently saving</td>
<td>56% Money in a workplace retirement plan</td>
<td>35% From personal savings or investments</td>
</tr>
<tr>
<td>(vs. 32% less confident)</td>
<td>(vs. 25% less confident)</td>
<td>(vs. 21% less confident)</td>
<td>(vs. 17% less confident)</td>
</tr>
<tr>
<td>75% Caucasian</td>
<td>67% No debt problem</td>
<td>49% Money in spouse’s workplace retirement plan</td>
<td>26% From an IRA</td>
</tr>
<tr>
<td>(vs. 62% less confident)</td>
<td></td>
<td>(vs. 28% less confident)</td>
<td>(vs. 15% less confident)</td>
</tr>
<tr>
<td>49% Excellent/very good</td>
<td>68% Estimated how much income was needed each month</td>
<td>90% Have not taken a loan from retirement plan</td>
<td></td>
</tr>
<tr>
<td>health</td>
<td>(vs. 19% less confident)</td>
<td>(vs. 76% less confident)</td>
<td></td>
</tr>
<tr>
<td>52% Household income</td>
<td>62% Thought about how to occupy time in retirement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$60k+</td>
<td>(vs. 35% less confident)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>48% Personal savings or</td>
<td>54% Thought about how much to withdraw in retirement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>investments for retirement</td>
<td>$250k+ (vs. 4% less confident)</td>
<td>(vs. 16% less confident)</td>
<td></td>
</tr>
<tr>
<td>39% Currently work with</td>
<td>54% Calculated how much money is needed to live comfortably in retirement (vs. 16% less confident)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>an advisor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vs. 8% less confident)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37% Expect to live to age 90+</td>
<td>$250k+ (vs. 4% less confident)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vs. 22% less confident)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All percentages shown are statistically significant.

Workers are much more likely than retirees to expect income in retirement to come from a workplace retirement savings plan or working for pay in retirement.

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=904, Retirees n=1,024**

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Workers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A workplace retirement savings plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal retirement savings or investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work for pay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>An individual retirement account or IRA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A defined benefit or traditional pension plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A product that guarantees monthly income for life, such as an annuity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Net: Major/Minor Source of Income**

- **Workers**
- **Retirees**

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Workers (%)</th>
<th>Retirees (%)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>87%</td>
<td>92% (vs. 88% in 2019)</td>
<td></td>
</tr>
<tr>
<td>A workplace retirement savings plan</td>
<td>49% (vs. 54% in 2019)</td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td>Personal retirement savings or investments</td>
<td>73%</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Work for pay</td>
<td>31% (vs. 25% in 2019)</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>An individual retirement account or IRA</td>
<td>54%</td>
<td>67% (vs. 61% in 2019)</td>
<td></td>
</tr>
<tr>
<td>A defined benefit or traditional pension plan</td>
<td>54%</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>A product that guarantees monthly income for life, such as an annuity</td>
<td>36%</td>
<td>54% (vs. 49% in 2019)</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** 2020 Retirement Confidence Survey, EBRI and Greenwald & Associates.
While most workers are confident they know how much monthly income will be needed, only 44% report having actually thought about this in order to prepare for retirement. However, retirees are much more likely than workers to say they estimated how much income they would need each month in retirement.

<table>
<thead>
<tr>
<th>To prepare for retirement, have/did you (and your spouse)...?</th>
<th>Workers n=1,018</th>
<th>Retirees n=1,024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculated how much money you (and your spouse) would likely need to cover health expenses in retirement</td>
<td>36% [vs. 29% in 2019]</td>
<td>51%</td>
</tr>
<tr>
<td>Thought about how much money to withdraw from your retirement savings and investments in retirement</td>
<td>36% [vs. 31% in 2019]</td>
<td>45%</td>
</tr>
<tr>
<td>Planned for how you would cover an emergency or big expense in retirement</td>
<td>38% [vs. 39% in 2019]</td>
<td>51%</td>
</tr>
<tr>
<td>Estimated how much income you (and your spouse) would need each month in retirement</td>
<td>44%</td>
<td>45%</td>
</tr>
<tr>
<td>Thought about how you will occupy your time in retirement</td>
<td>49%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Three in five workers agree that preparing for retirement makes them feel stressed.

To what extent do you agree or disagree with the following statement?
Workers n=1,018

- Strongly Agree
- Somewhat Agree
- Disagree

61% Agree

Preparing for retirement makes you feel stressed

More than eight in ten workers would find a workplace program that helps employees figure out how much to save for retirement helpful.

How helpful, if at all, do you think the following workplace educational or financial well-being programs would be in helping you better prepare or save for retirement?

Workers employed full- or part-time n=736

Help calculating how much you need to save for a secure retirement

- 85% Helpful (vs. 79% in 2019)
- 44% Somewhat Helpful
- 40% Very Helpful
- 15% Not Helpful

Additional lessons from across the pond
Pension freedoms have created flexibility and confusion

The pension freedoms implemented in 2015/16 resulted in a large shift in the way 34 million people access their retirement savings.

Moving away from a “one size fits all” approach was designed to provide the opportunity for individuals to take their money in more flexible ways.

4 in 10 respondents did not know a single life annuity would guarantee income for the rest of their life.

Only 11% of respondents thought there was a risk to the value of their funds.

1 in 10 respondents thought drawdown funds guaranteed income for life.

1. Consumers are confused by the plethora of options
   - Respondents say it’s ‘scary’ to think about planning for retirement.
   - While information about options is provided, there is nothing about what they should do.

2. Participants take the path of least resistance
   - Members are largely taking their tax-free distribution and leave the remainder in their ‘schemes’ default.
   - 33% of non-advised consumers are holding cash only.

Source: Four Pots for your Retirement, September 2018. LGIMA.
Conceptualizing the journey

Active years’ income
Assets used to pay for day-to-day living expenses in the early “active” years of retirement

Later years’ income
Income received for the remained of your life

Holidays and rainy days
Money set aside to pay for “lumpy” spending

Kids’ inheritance
Assets meant to pass on to friends or family

When presented with a ‘Four Pots’ approach and asked to develop a personalized allocation only 5% chose an all-cash policy.

All respondents valued the flexibility presented in the framework, acknowledging the ability for their situation to change.

Participants attained a better understanding of their capacity for loss, not attitude toward risk, and indicated they could sustain fluctuation of income in the 5-10% range.

Respondents suggested the framework was doing the work of a financial advisor, but without the “hefty fees” but were happy to have professional managing the solutions behind each pot.

Source: Four Pots for your Retirement, September 2018. LGIMA.
3 in 4 of both workers and retirees say income stability is more important than preserving principal. The share of retirees prioritizing income stability is higher than in 2019.

Thinking about your financial priorities in retirement, which of these is more important to you?

Workers n=1,018, Retirees n=1,024

- Income stability: Ensuring a set amount of income for life
- Maintaining wealth: Preserving principal amount/balances

Retirees who kept money in their workplace plan or rolled to an IRA are not withdrawing from these accounts or are only withdrawing the Required Minimum Distribution (RMD).

### Which of the following best describes how you use the remaining money in your workplace retirement savings plan and/or IRA?

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>You only withdraw what you are legally required to, known as a RMD</td>
<td>31%</td>
</tr>
<tr>
<td>You do not withdraw money from this account</td>
<td>27%</td>
</tr>
<tr>
<td>You withdraw money on an as needed basis, with no real system</td>
<td>14%</td>
</tr>
<tr>
<td>You systematically withdraw a specific dollar amount each month/year</td>
<td>12%</td>
</tr>
<tr>
<td>You systematically withdraw a specific percentage each month/year</td>
<td>11%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>5%</td>
</tr>
</tbody>
</table>

### What percentage do you aim to withdraw each year?

<table>
<thead>
<tr>
<th>Withdrawal Percentage</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% or more</td>
<td>14%</td>
</tr>
<tr>
<td>5% to 9%</td>
<td>47%</td>
</tr>
<tr>
<td>Under 5%</td>
<td>16%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>23%</td>
</tr>
</tbody>
</table>

*Caution: Small base size*

Most plan participants consider themselves “do-it-with-me” or “do-it-for-me” investors, preferring to get at least some guidance from a professional or online tool when selecting plan investments.

Which of the following best describes how you approach investment decisions in your workplace retirement savings plan?

Workers currently contributing to an employer-sponsored retirement savings plan n=481

- “Do-it-for-me” 27%
- “Do-it-with-me” 41%
- “Do-it-myself” 26%
- Don’t know 7%

Engage With EBRI

Register for our upcoming webinar:

- June 9th: Women in Retirement: Findings from the 30th Annual Retirement Confidence Survey

Register for the Virtual EBRI Policy Forum, June 29th – July 2nd

Topics include:

- Coming out the Other Side of Covid-19: the Future of the Employer Based Health Care System – July 1
- Financial Wellness in Times of Crisis – July 2

Check out our website – www.ebri.org

Support our Research Centers

Sponsor our events and webinars

Sign up for EBRInsights

Join EBRI as a Member. Membership questions? Contact Betsy Jaffe at jaffe@ebri.org