



Key Findings of the 30th Annual Retirement Confidence Survey

EBRI Webinar

May 19, 2020

Speakers



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Contribution & Financial
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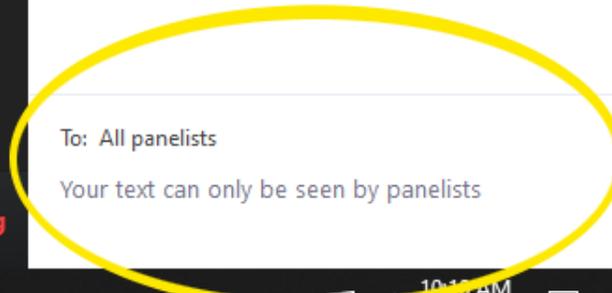
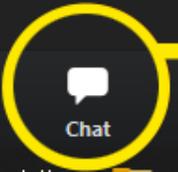
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2020 Retirement Confidence Survey – Retirement Confidence and Planning – What Are Workers and Retirees Thinking and Doing?

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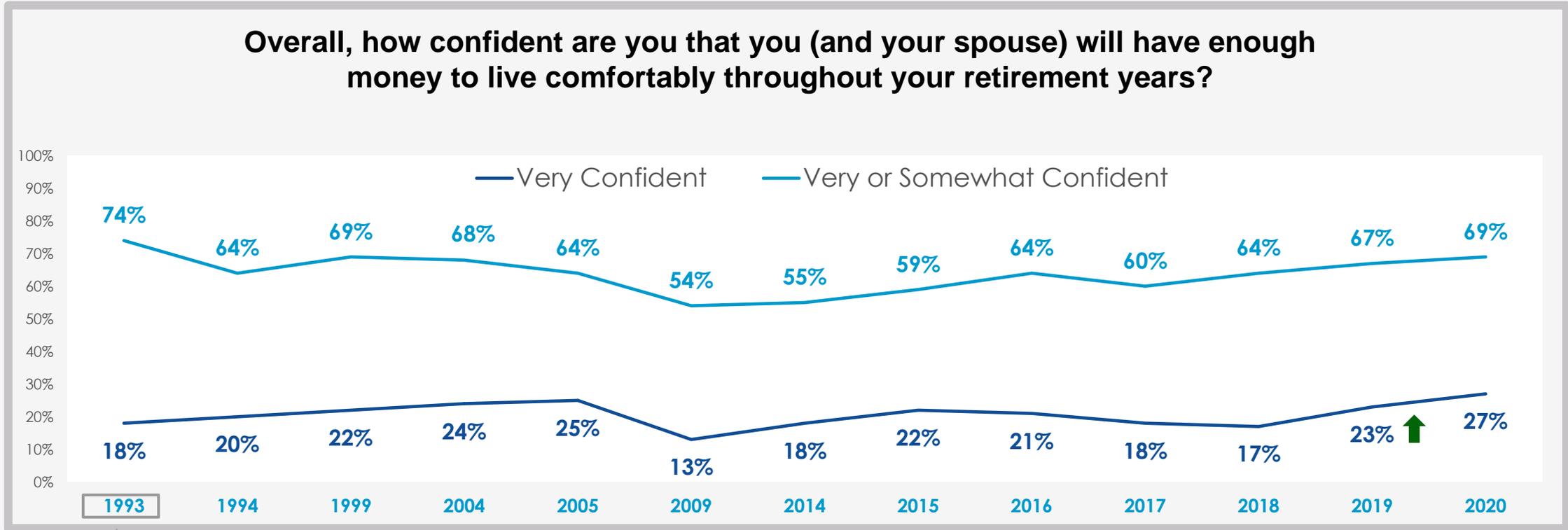
Retirement Confidence Survey (RCS) – 2020

- 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.

2020 RCS Partners

Capital Group
Columbia Threadneedle
Invesco
J.P. Morgan
LGIMA
(Legal & General Investment
Management America)
Lincoln Financial
Mercer
MetLife
Nationwide Financial
PIMCO
Principal Financial Group
T. Rowe Price
Segal
Vanguard

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.



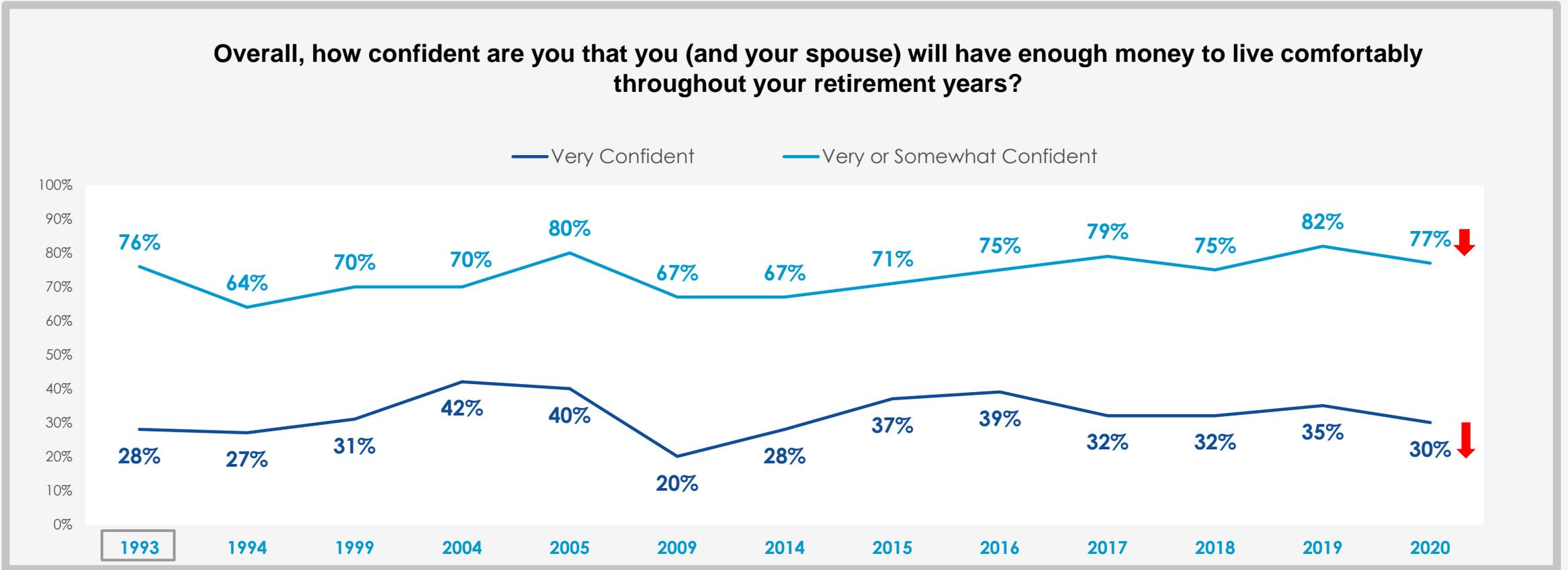
1993
↑
First year asked

↑ = Up significantly from previous year ↓ = Down significantly from previous year
↑ = Up significantly from January 2020 ↓ = Down significantly from January 2020

March 2020:
 Very Confident: 24%
 Net V/S Confident: 63%

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?



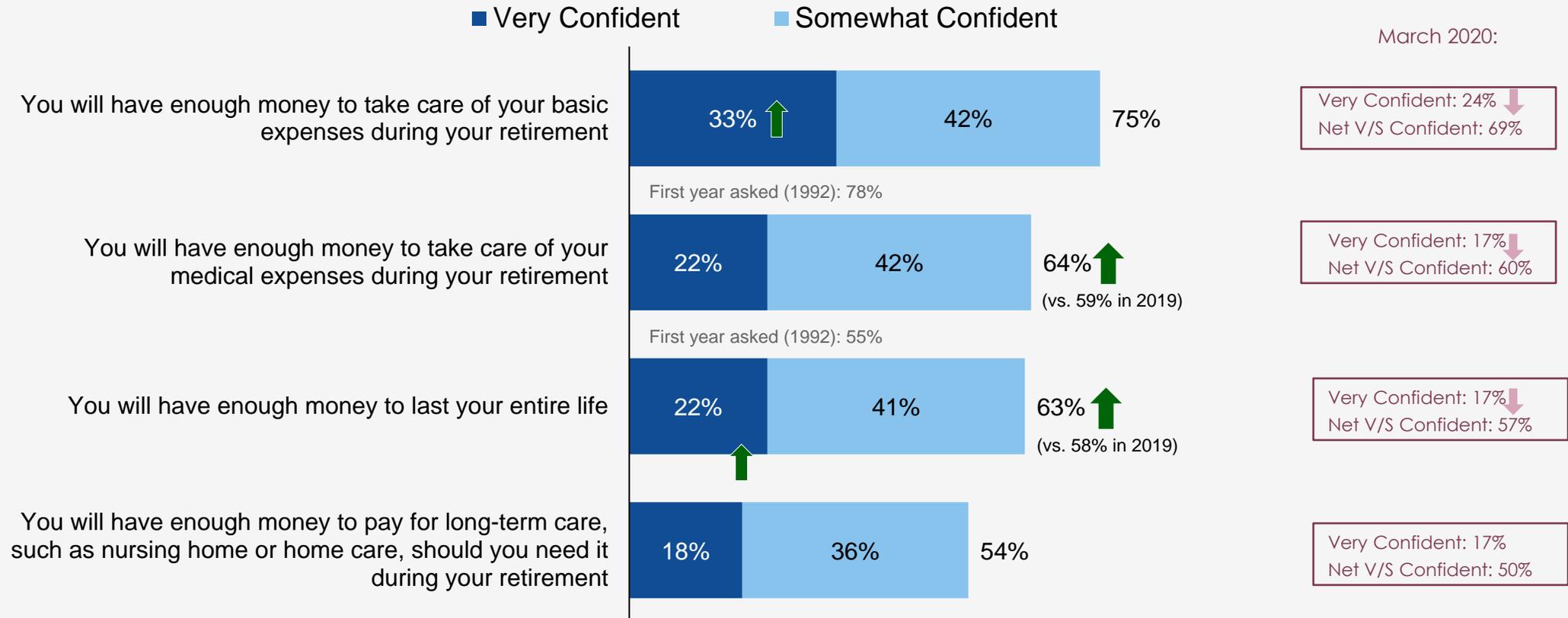
1993
↑
First year asked

↑ = Up significantly from previous year ↓ = Down significantly from previous year
↑ = Up significantly from January 2020 ↓ = Down significantly from January 2020

March 2020:
 Very Confident: 26%
 Net V/S Confident: 76%

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.

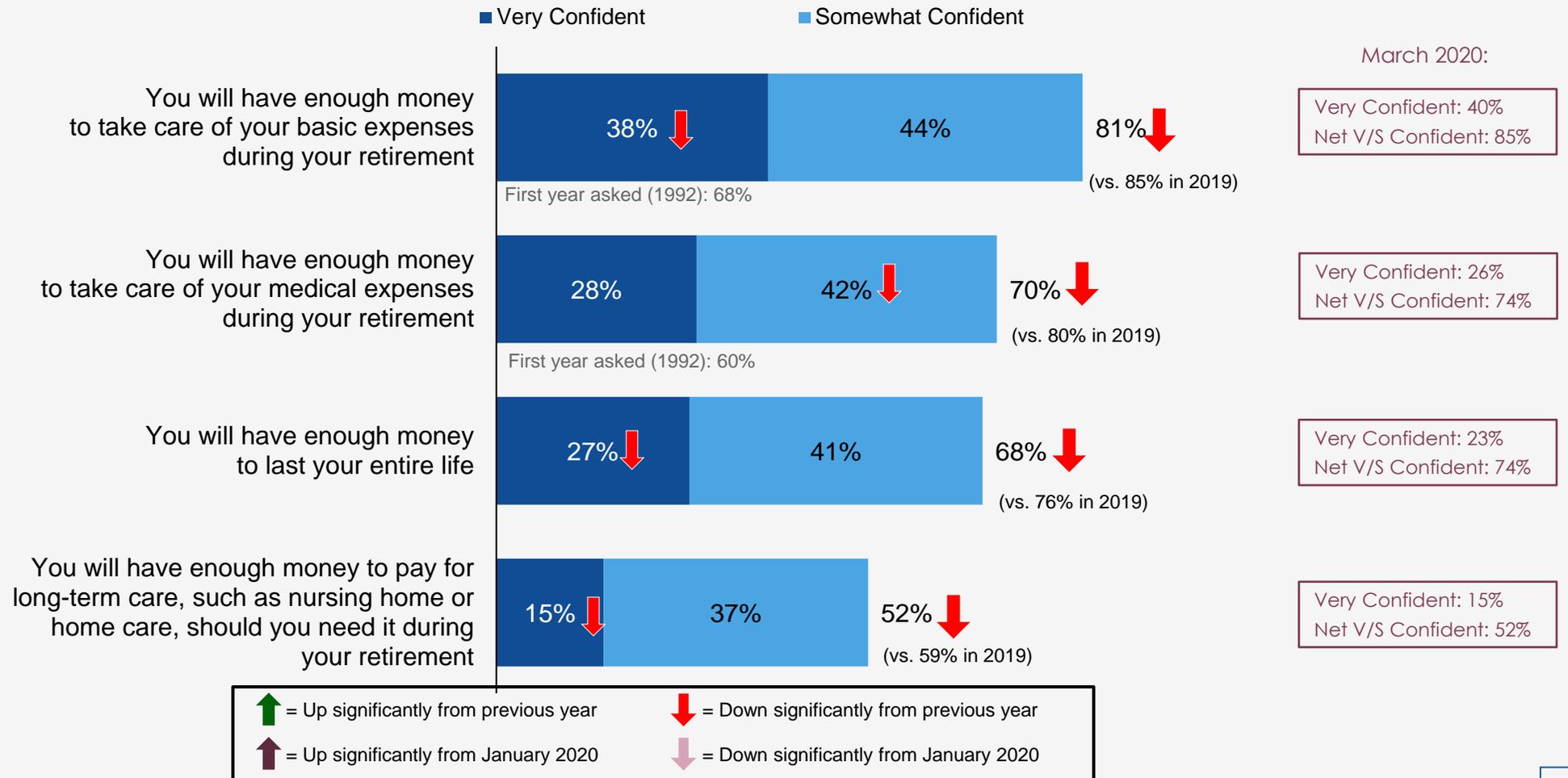
How confident are you (and your spouse) about the following aspects related to retirement?



↑ = Up significantly from previous year ↓ = Down significantly from previous year
↑ = Up significantly from January 2020 ↓ = Down significantly from January 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?

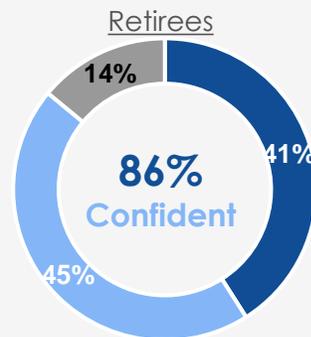
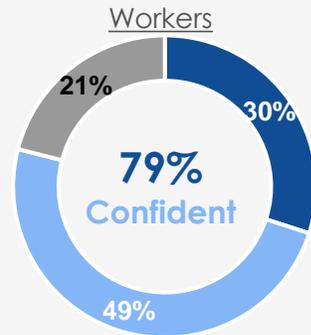


While 8 in 10 workers are confident in their ability to manage day to day finances, they are less confident in knowing how much money to draw from their retirement savings to fund their lives.

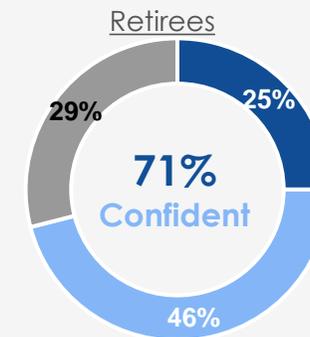
How confident are/were you (and your spouse)...

Very Confident Somewhat Confident Not Confident

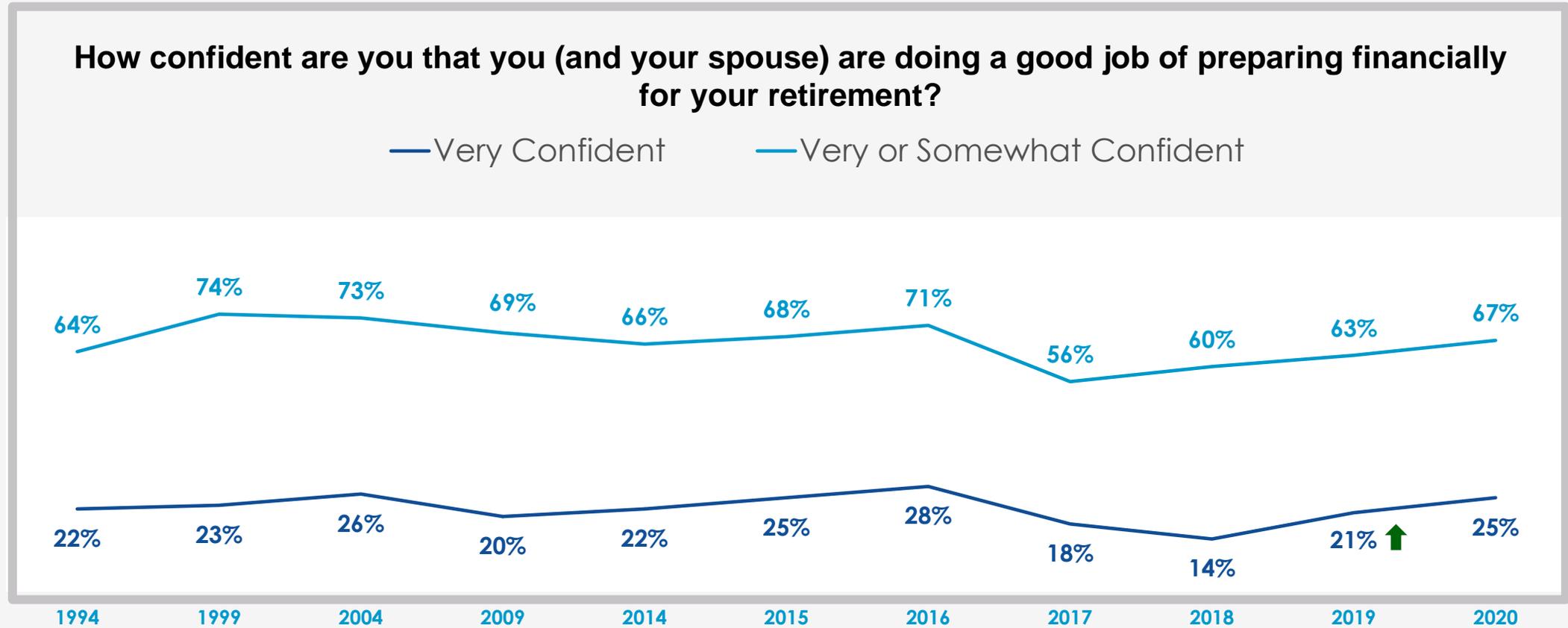
In your ability to manage day-to-day finances as you age



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



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.



↑ = Up significantly from previous year ↓ = Down significantly from previous year
 ↗ = Up significantly from January 2020 ↘ = Down significantly from January 2020

March 2020:

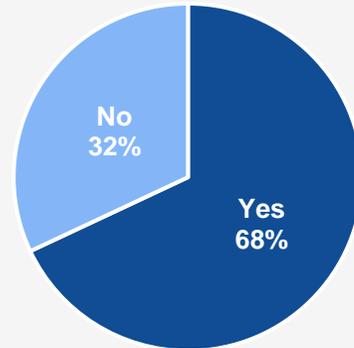
Very Confident: 21%
 Net V/S Confident: 64%

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?

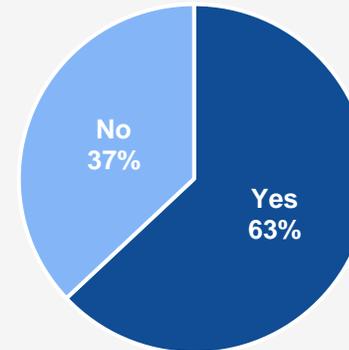
Are you (or your spouse) currently saving for retirement?

Workers

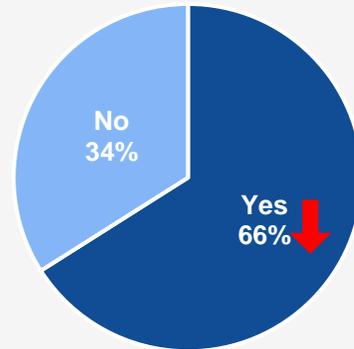


First year asked (1994): 58%

Workers

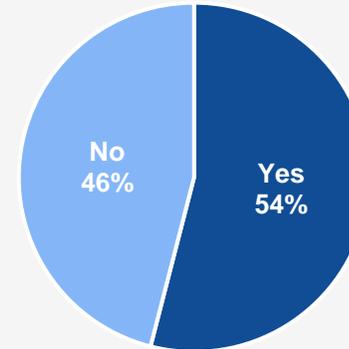


Retirees



First year asked (1994): 53%

Retirees



↑ = Up significantly from previous year ↓ = Down significantly from previous year

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?

	2013	2014	2015	2016	2017	2018	2019	2020	2020 Have Plan*	2020 No Plan
Less than \$1,000	28%	36%	28%	26%	24%	26%	19%	18%	8%	63%
\$1,000 - \$9,999	18	16	17	16	14	11	10	9	8	12
\$10,000 - \$24,999	11	8	12	12	9	8	11	8 ↓	8	7
\$25,000 - \$49,999	9	9	9	10	8	9	9	6 ↓	6	6
\$50,000 - \$99,999	10	9	10	10	10	11	9	12 ↑	14	5
\$100,000 - \$249,999	12	11	10	12	15	15	19	17	20	5
\$250,000 or more	12	11	14	14	20	21	23	30 ↑	37	2

 = Up significantly from previous year
  = Down significantly from previous year

*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

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?

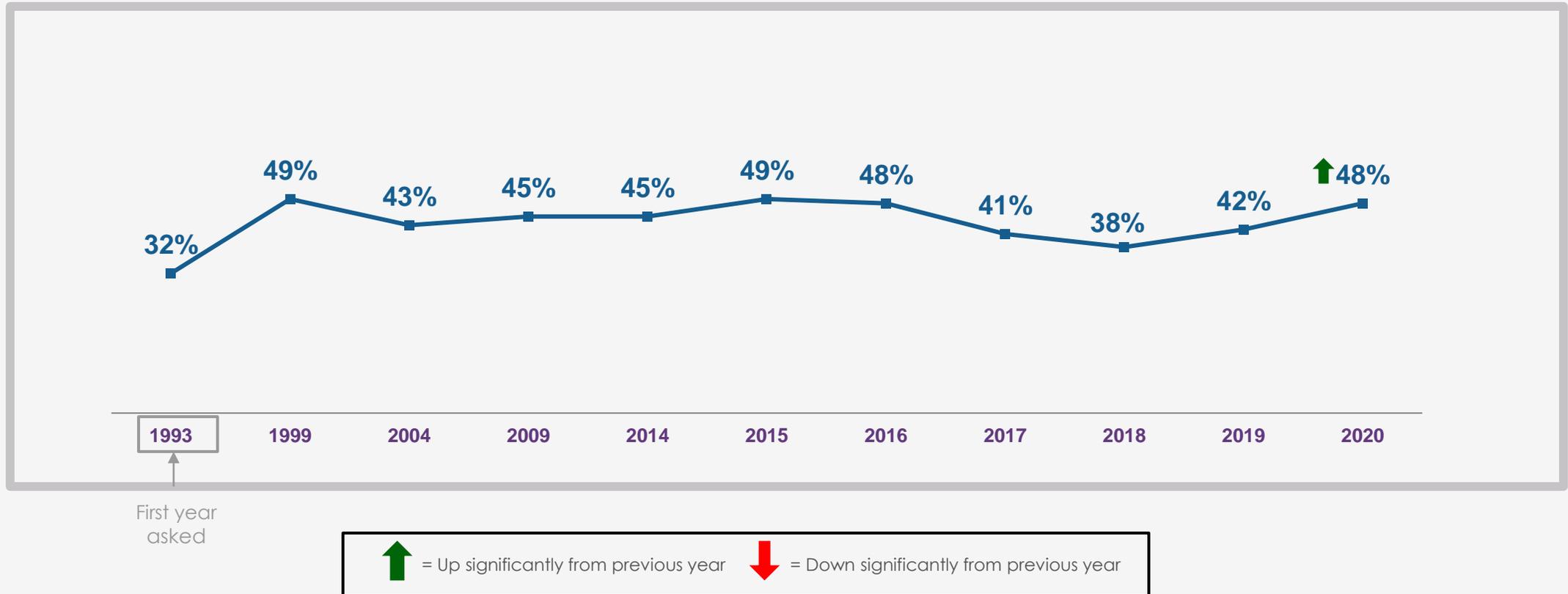
	2013	2014	2015	2016	2017	2018	2019	2020	2020 Have Plan*	2020 No Plan
Less than \$1,000	31%	29%	35%	27%	21%	25%	14%	21% ↑	7%	56%
\$1,000 - \$9,999	16	17	11	15	8	7	8	11	8	22
\$10,000 - \$24,999	8	12	7	13	6	4	5	4	4	4
\$25,000 - \$49,999	9	8	8	7	3	5	5	6	6	4
\$50,000 - \$99,999	10	7	10	9	7	8	6	8	10	4
\$100,000 - \$249,999	10	11	10	10	16	13	18	11 ↓	13	6
\$250,000 or more	17	17	19	19	38	37	43	38 ↓	51	5

↑ = Up significantly from previous year ↓ = Down significantly from previous year

*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 from 2019, about half of workers have actually tried to calculate how much money they will need in retirement.

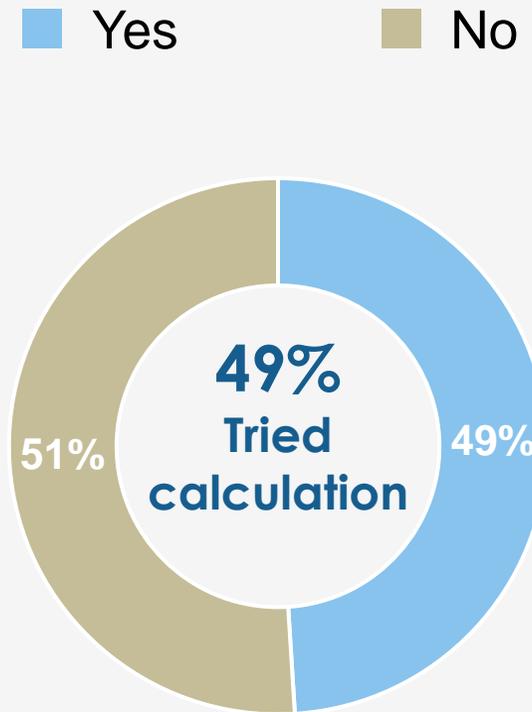
Have you (or your spouse) tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement? (Percent Yes)



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.

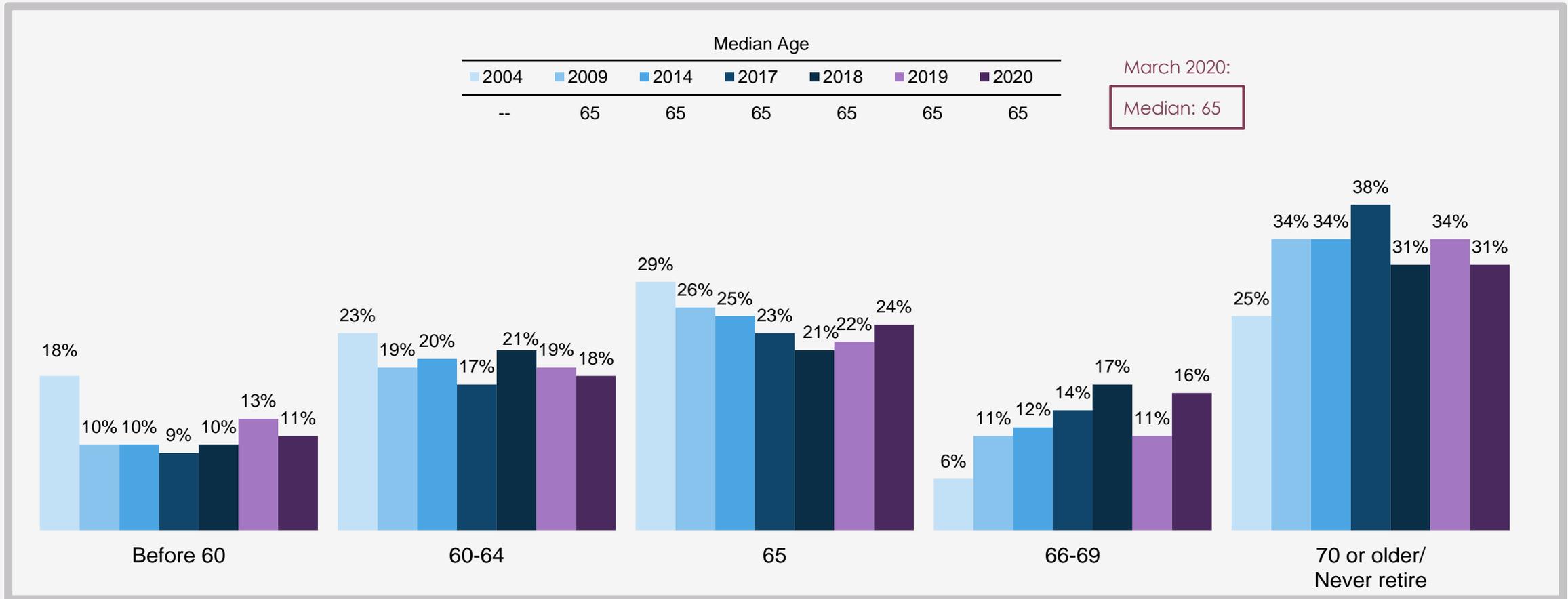
To prepare for retirement, did you (or your spouse) try to figure out how much money you needed to have saved by the time you retired so that you could live comfortably in retirement?



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.

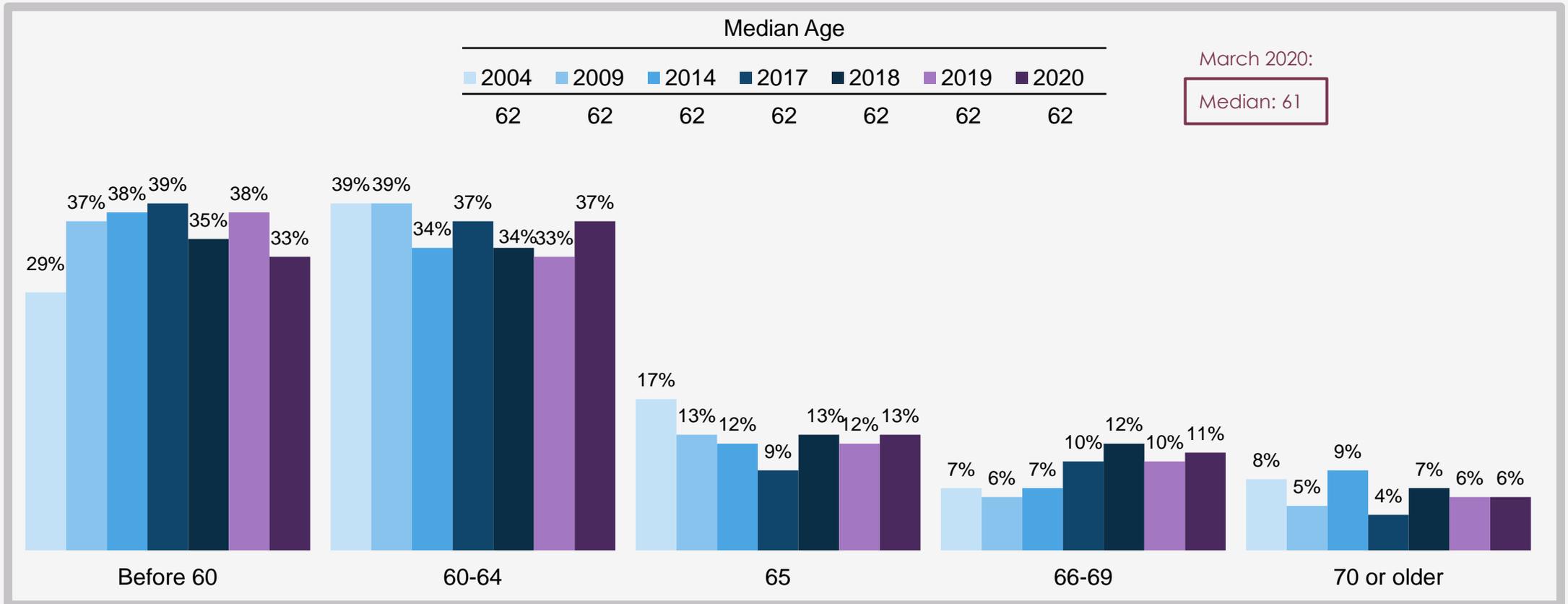
Realistically, at what age do you expect to retire?



Figures presented exclude those who answered 'Don't know' or refused to answer

Most retirees continue to report retiring earlier than age 65.

How old were you when you retired?

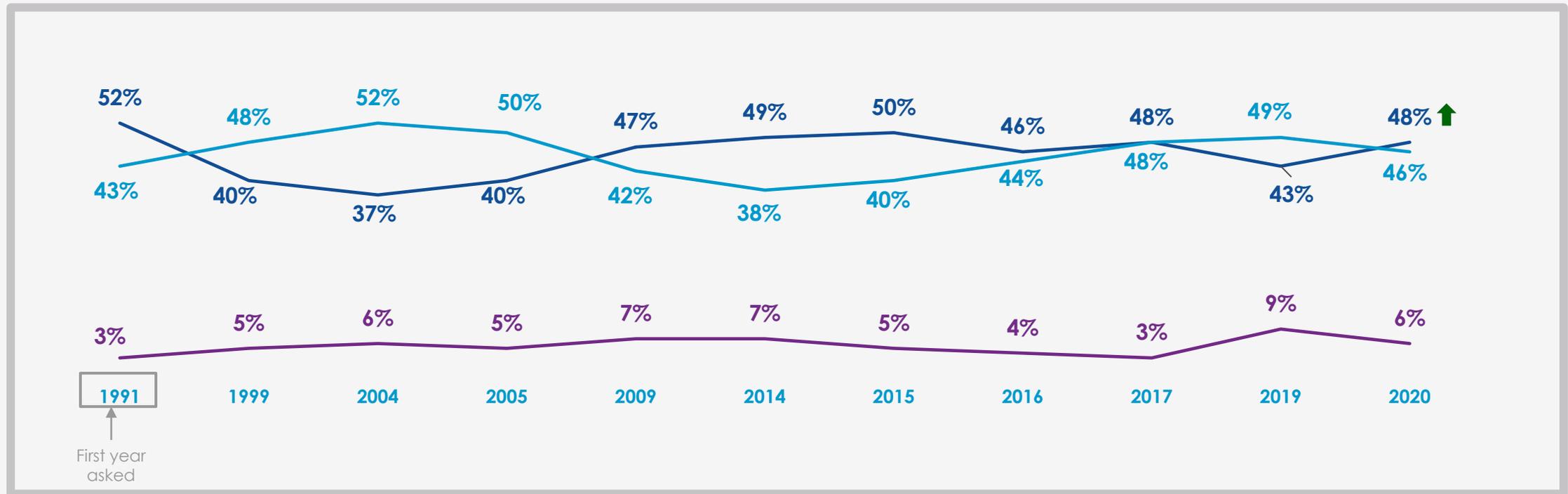


Figures presented exclude those who answered 'Don't know' or refused to answer.

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



↑ = 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

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

All bolded percentages are statistically significant

*Negative employment status change or anticipated negative change in employment status in next 6 months

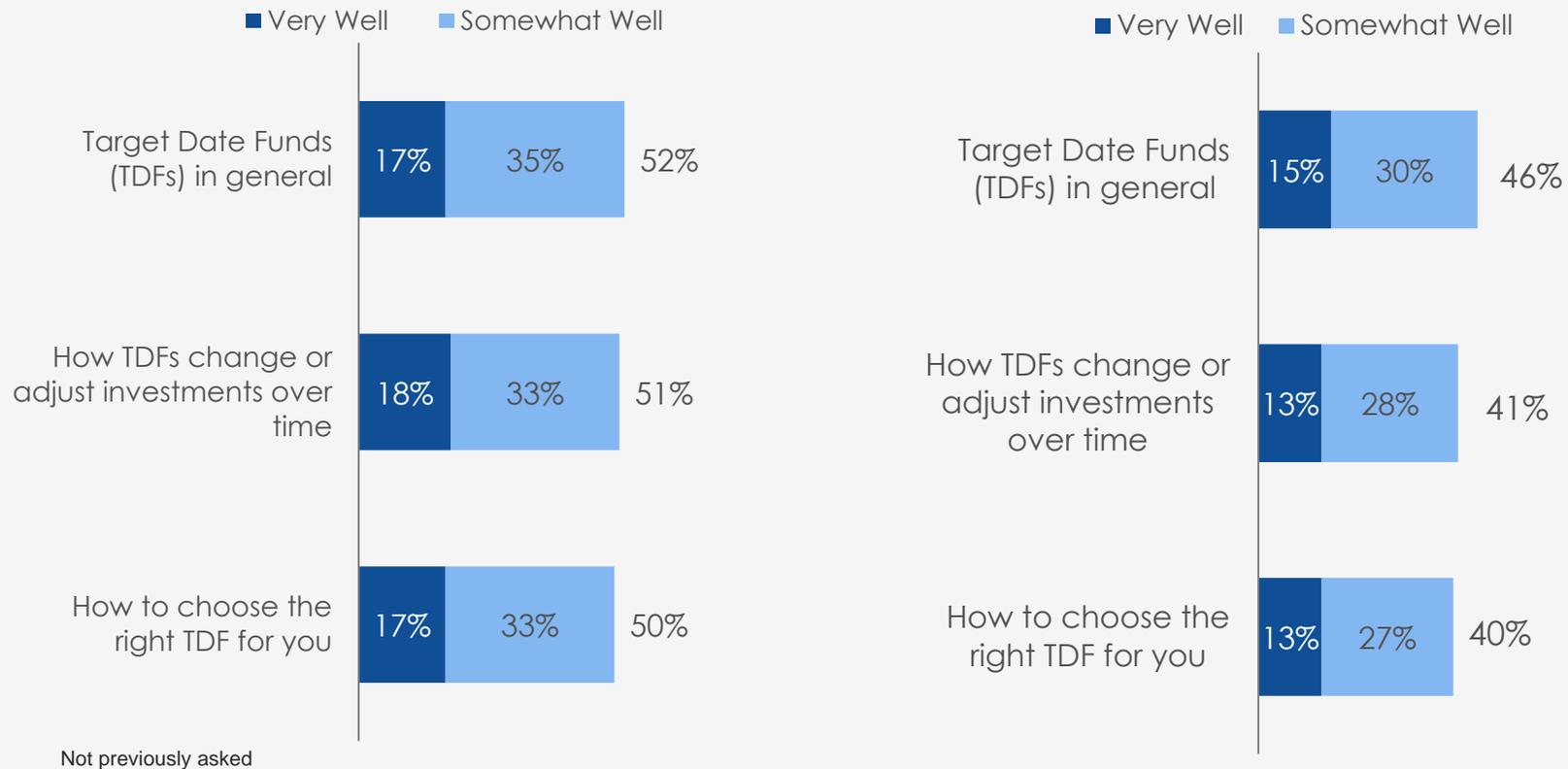
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Only about half of workers say they understand TDFs, how they work, and how to choose the right fund. Older workers have an even lower understanding.

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

Ages 50 or Younger

Ages 51 or Older



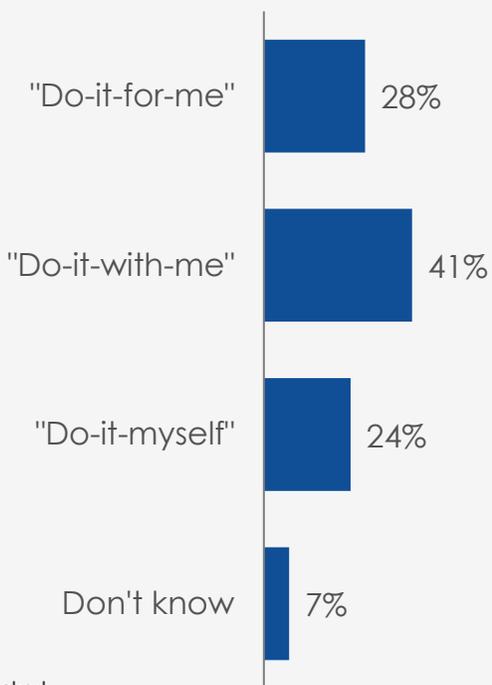
Not previously asked

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.

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

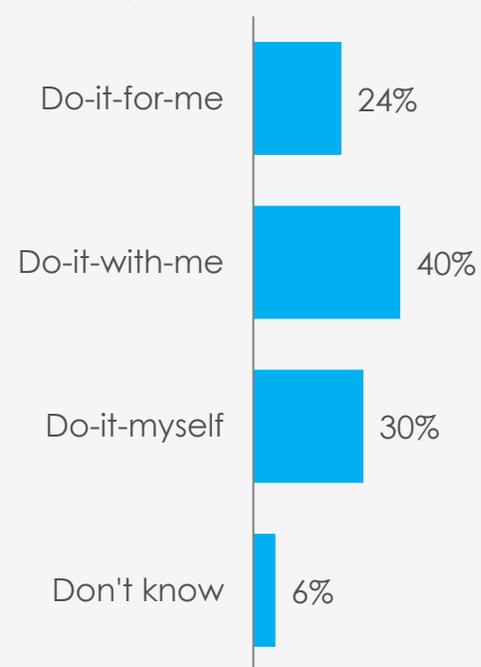
Workers currently contributing to an employer-sponsored retirement savings plan n=481

Ages 50 or Younger



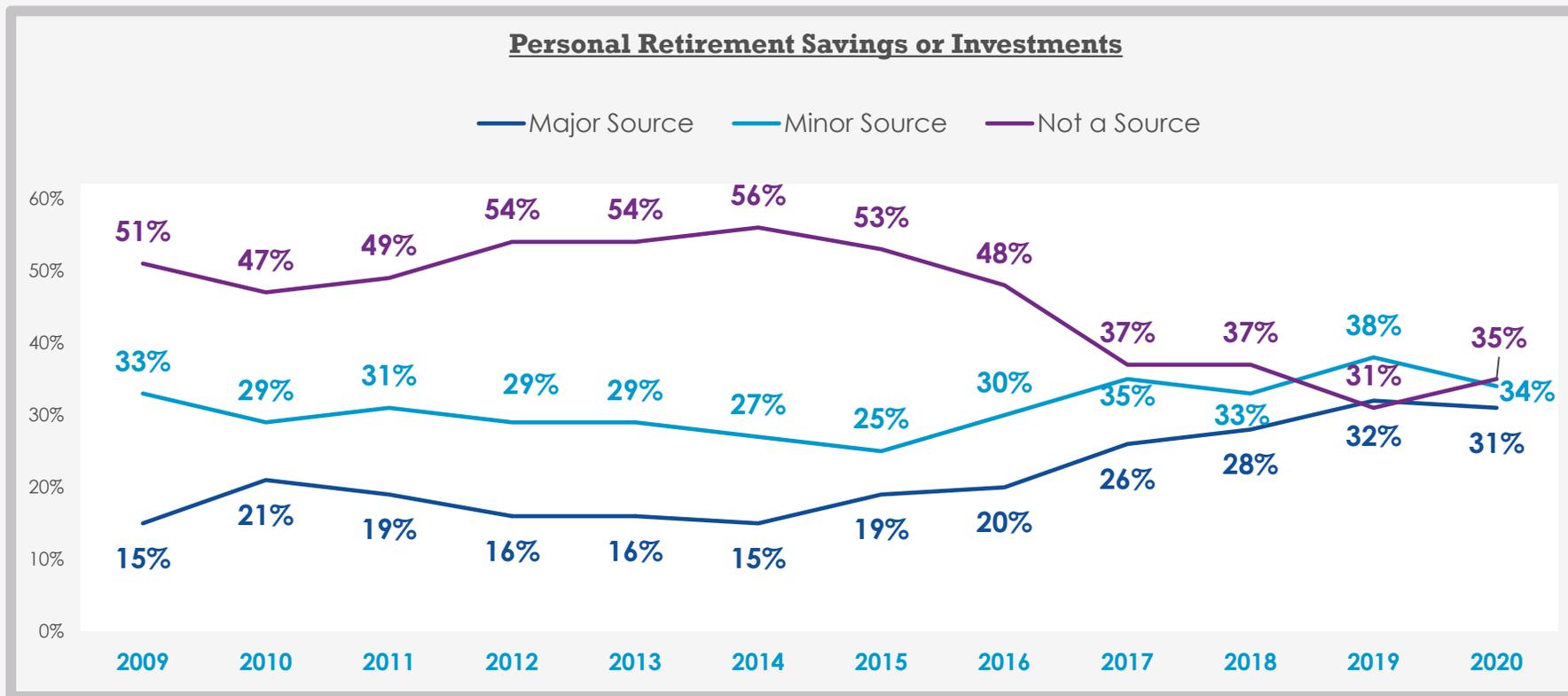
Not previously asked

Age 51 or Older



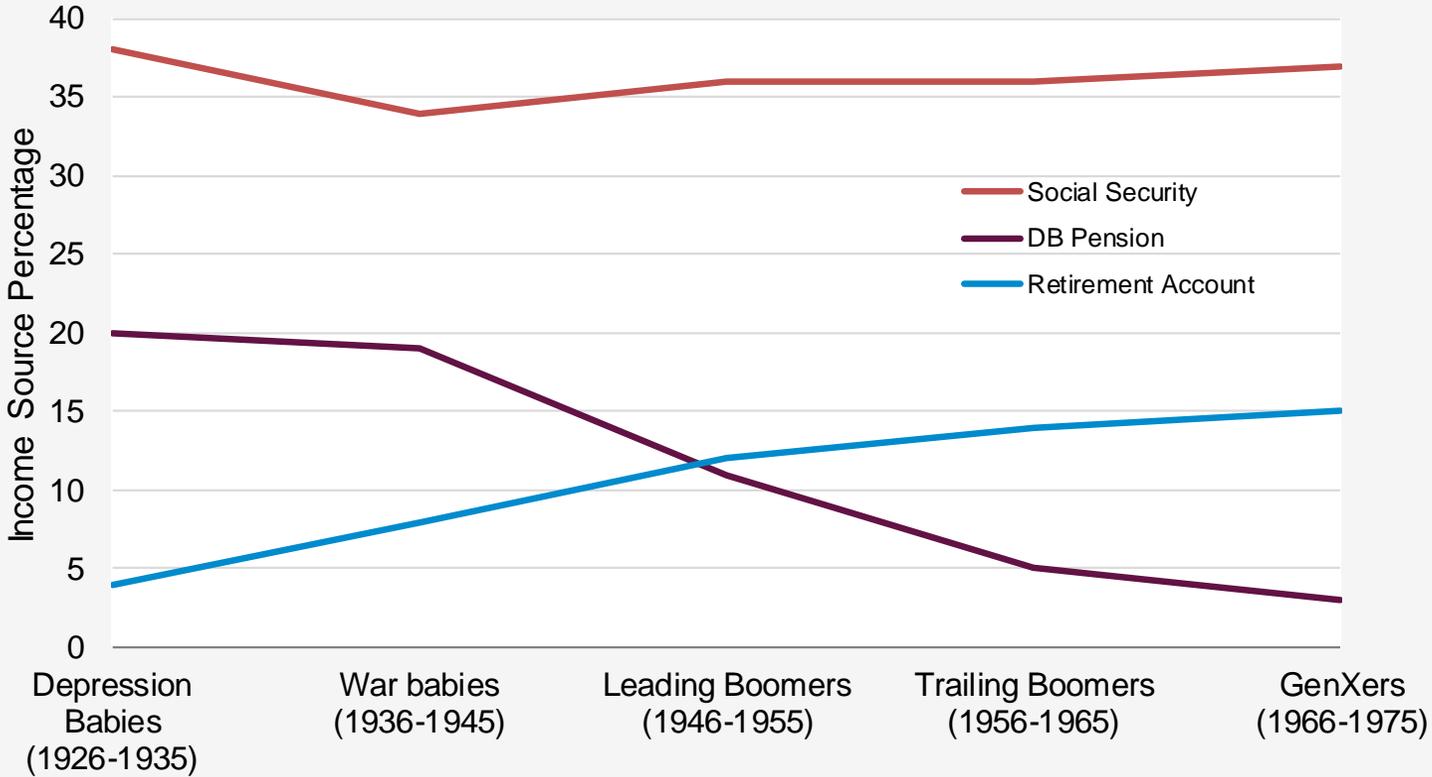
2 in 3 retirees report personal savings or investments to be a major or minor source of their retirement income.

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



This is not your parents' retirement

Projected Income Source by Generation (Age 67)

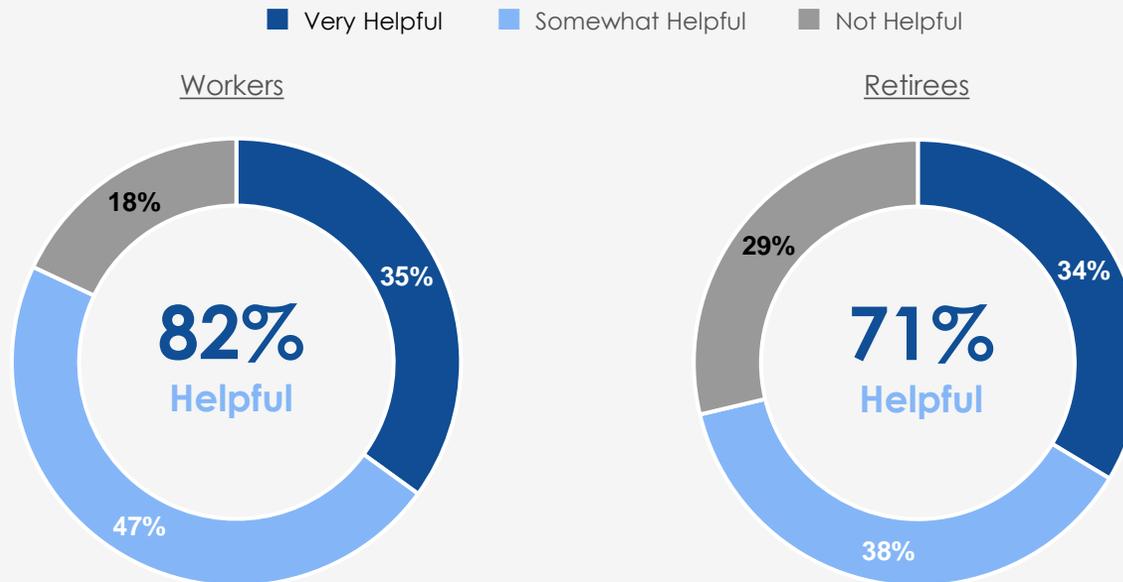


8 in 10 workers and 7 in 10 retirees say it would be helpful if their employer offered education or advice on converting savings into income in retirement.

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?

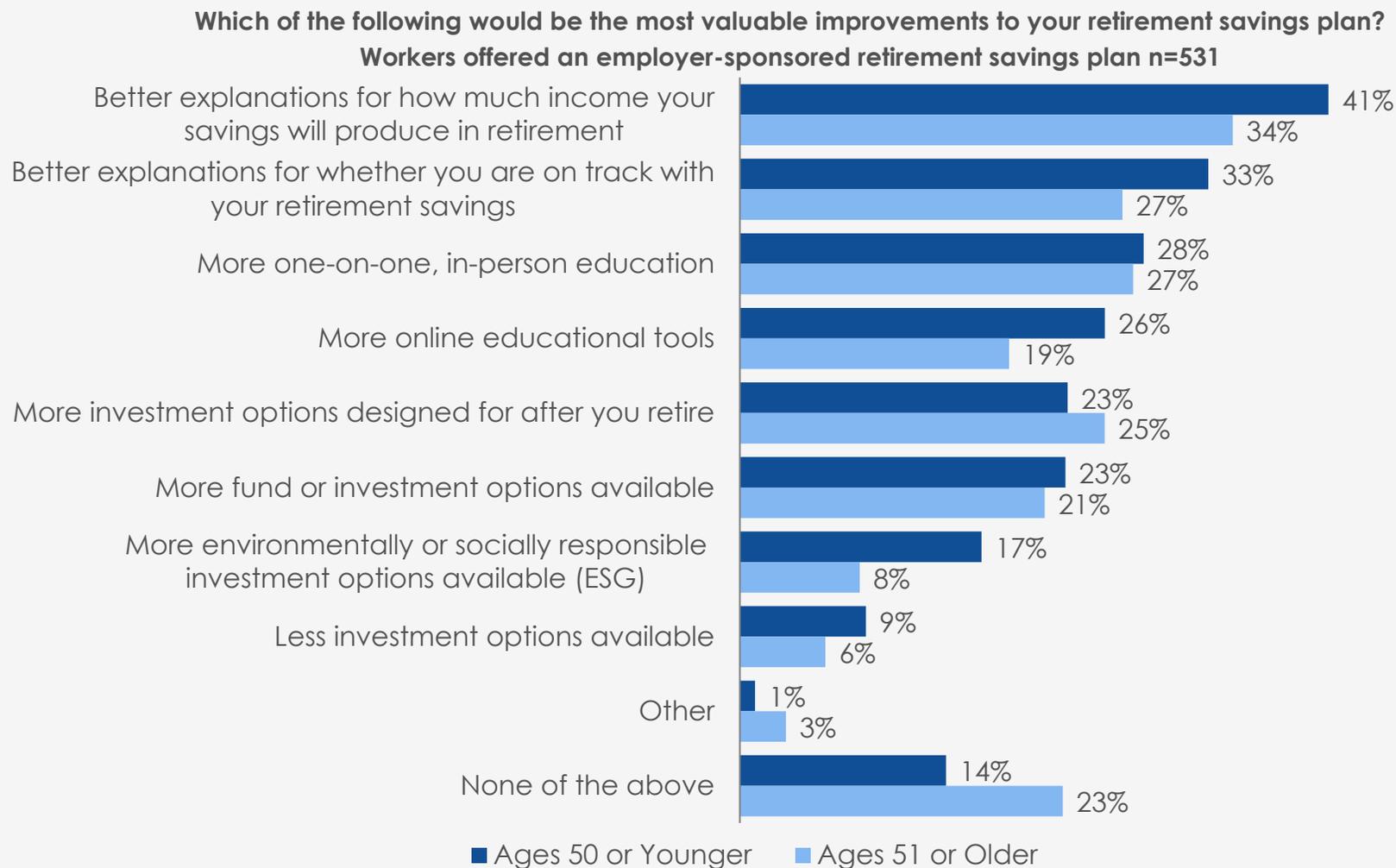
Workers employed full- or part-time n=736, Retirees employed full- or part-time n=72

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



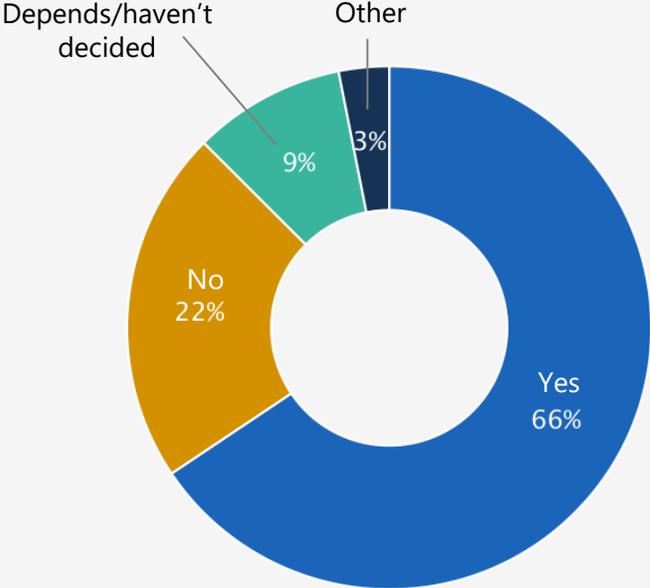
Not previously asked

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.



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

Retirement income tier?



Preference to offer a retirement income tier was consistent with last year's results.

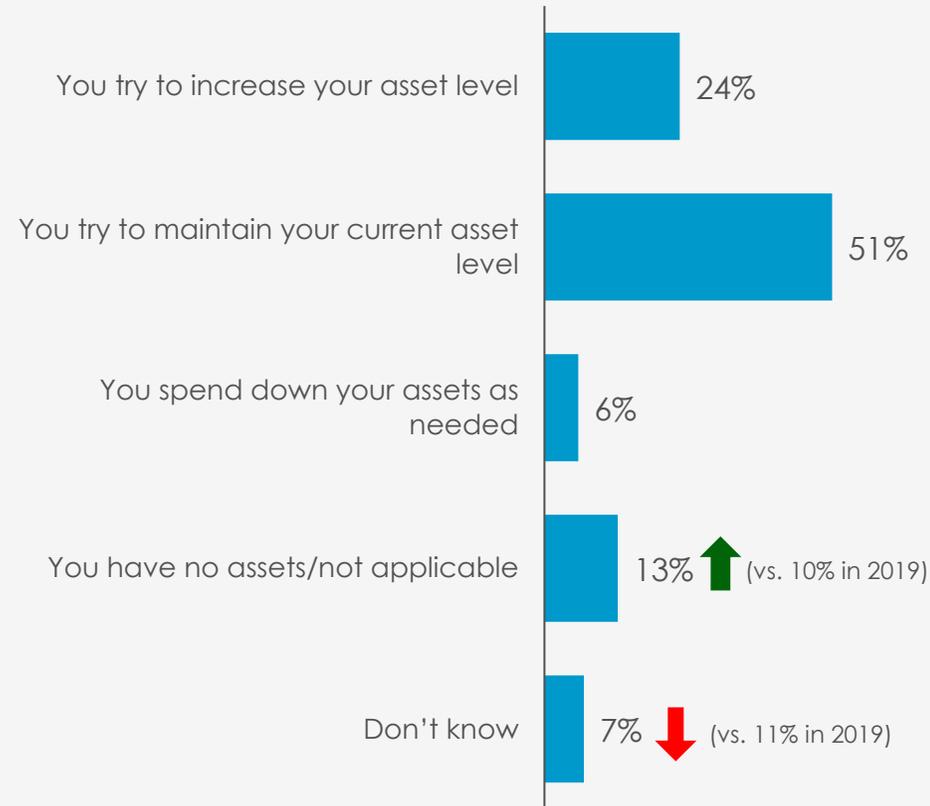
Do you believe plans should offer a separate retirement income tier? (n=32)
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P I M C O

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?

Retirees n=1,024



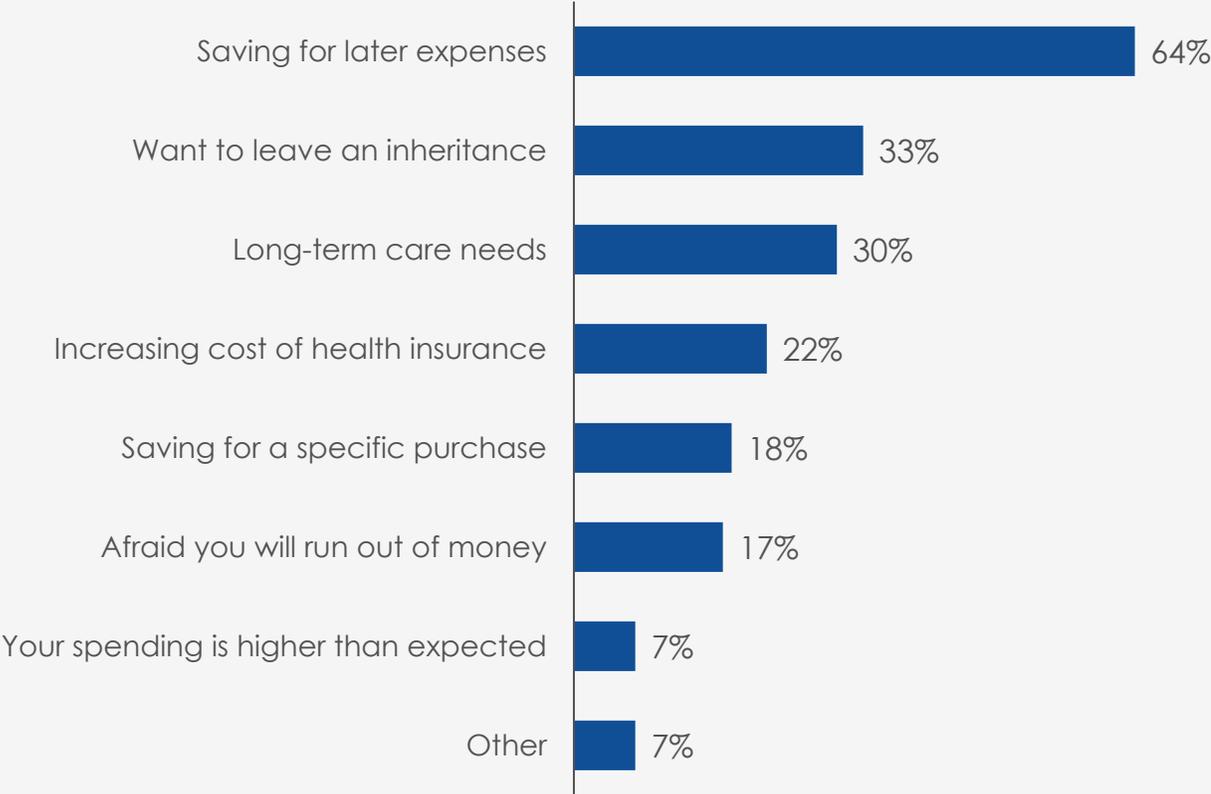
= Up significantly from previous year



= Down significantly from previous year

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.

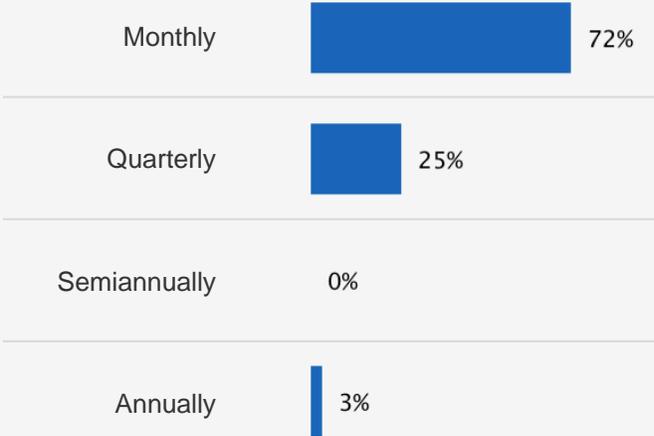
Why is your goal to increase your asset level?
Retirees who want to increase asset level n=272



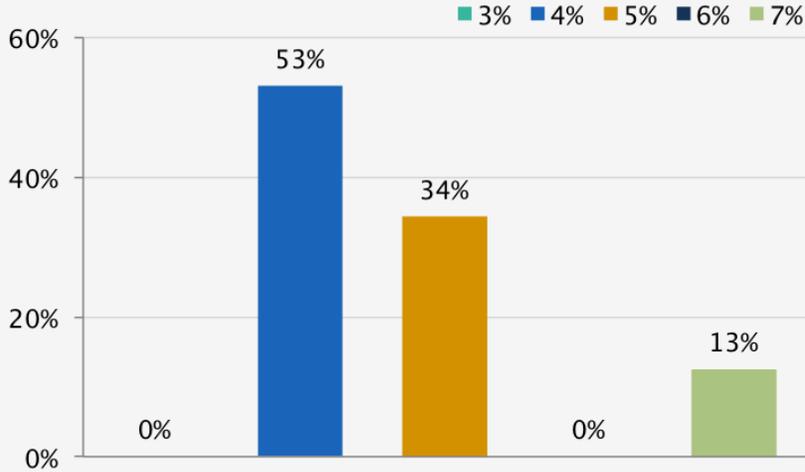
Not previously asked

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

Preferred distribution frequency



Preferred distribution yield



Q41A. What is your preferred distribution yield? (n=32)
 Q41B. What is your preferred distribution frequency? (n=32)
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P I M C O

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Who are confident retirees? They are more likely to be...

DEMOGRAPHICS	SAVINGS	RETIREMENT PLAN
62% Married (vs. 32% less confident)	78% Have saved for retirement (vs. 28% less confident)	59% Have DB plan (vs. 21% less confident)
50% Men (vs. 32% less confident)	63% Currently saving (vs. 25% less confident)	56% Money in a workplace retirement plan (vs. 21% less confident)
75% Caucasian (vs. 62% less confident)	67% No debt problem (vs. 16% less confident)	49% Money in spouse's workplace retirement plan (vs. 28% less confident)
49% Excellent/very good health (vs. 19% less confident)	PREPARATIONS	90% Have not taken a loan from retirement plan (vs. 76% less confident)
52% Household income \$60k+ (vs. 10% less confident)	68% Estimated how much income was needed each month (vs. 29% less confident)	MAJOR SOURCES OF INCOME IN RETIREMENT
48% Personal savings or investments for retirement \$250k+ (vs. 4% less confident)	62% Thought about how to occupy time in retirement (vs. 35% less confident)	
39% Currently work with an advisor (vs. 8% less confident)	54% Thought about how much to withdraw in retirement (vs. 16% less confident)	
37% Expect to live to age 90+ (vs. 22% less confident)	54% Calculated how much money is needed to live comfortably in retirement (vs. 16% less confident)	
	53% Retired when planned (vs. 20% less confident)	
	66% Have plan in place if become unable to manage finances (vs. 53% less confident)	
		46% From DB plan (vs. 24% less confident)
		35% From personal savings or investments (vs. 17% less confident)
		26% From an IRA (vs. 15% less confident)

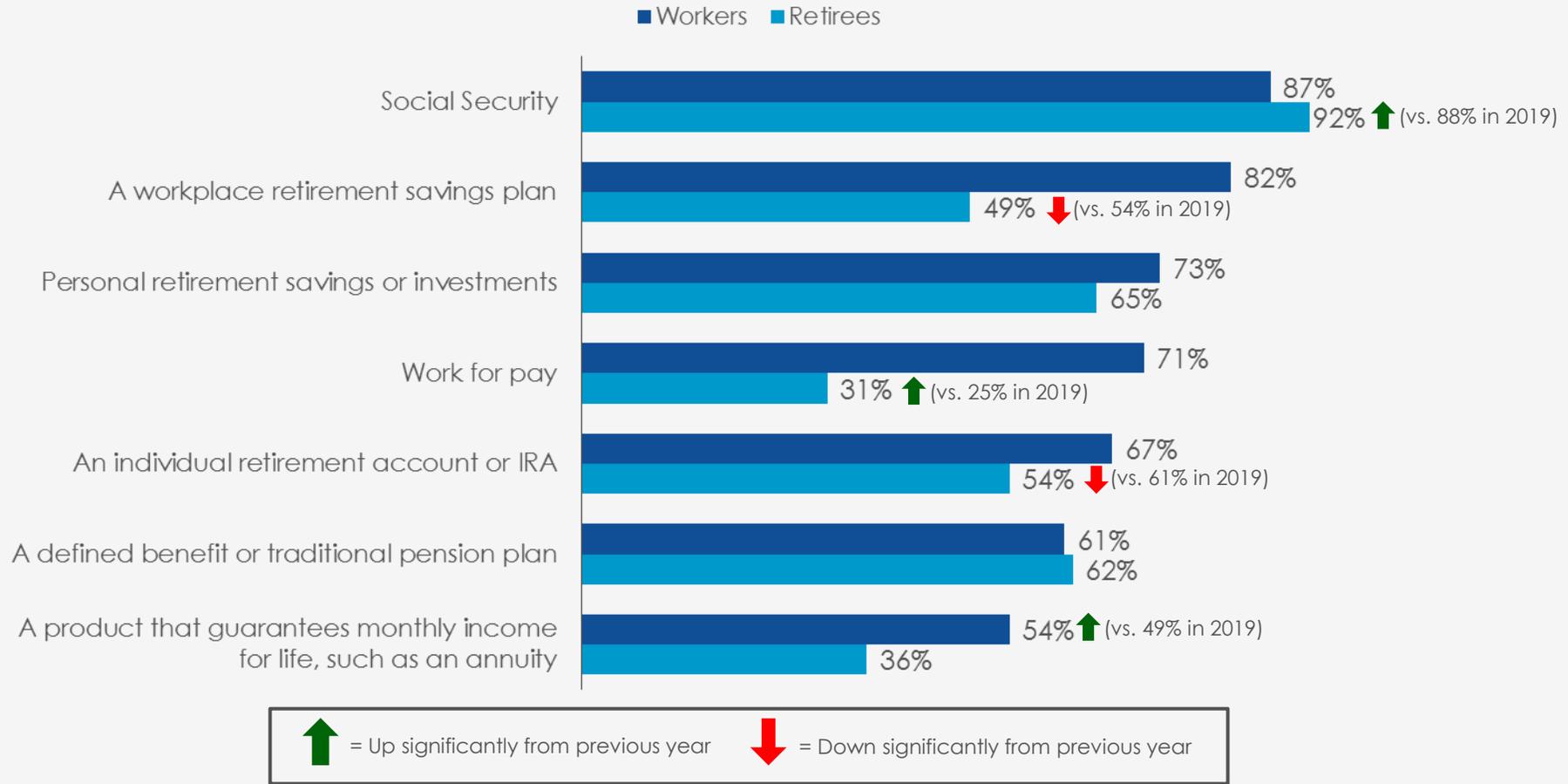
All percentages shown are statistically significant

Source: 2020 Retirement Confidence Survey, EBRI and Greenwald & Associates.

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

Net: Major/Minor Source of Income

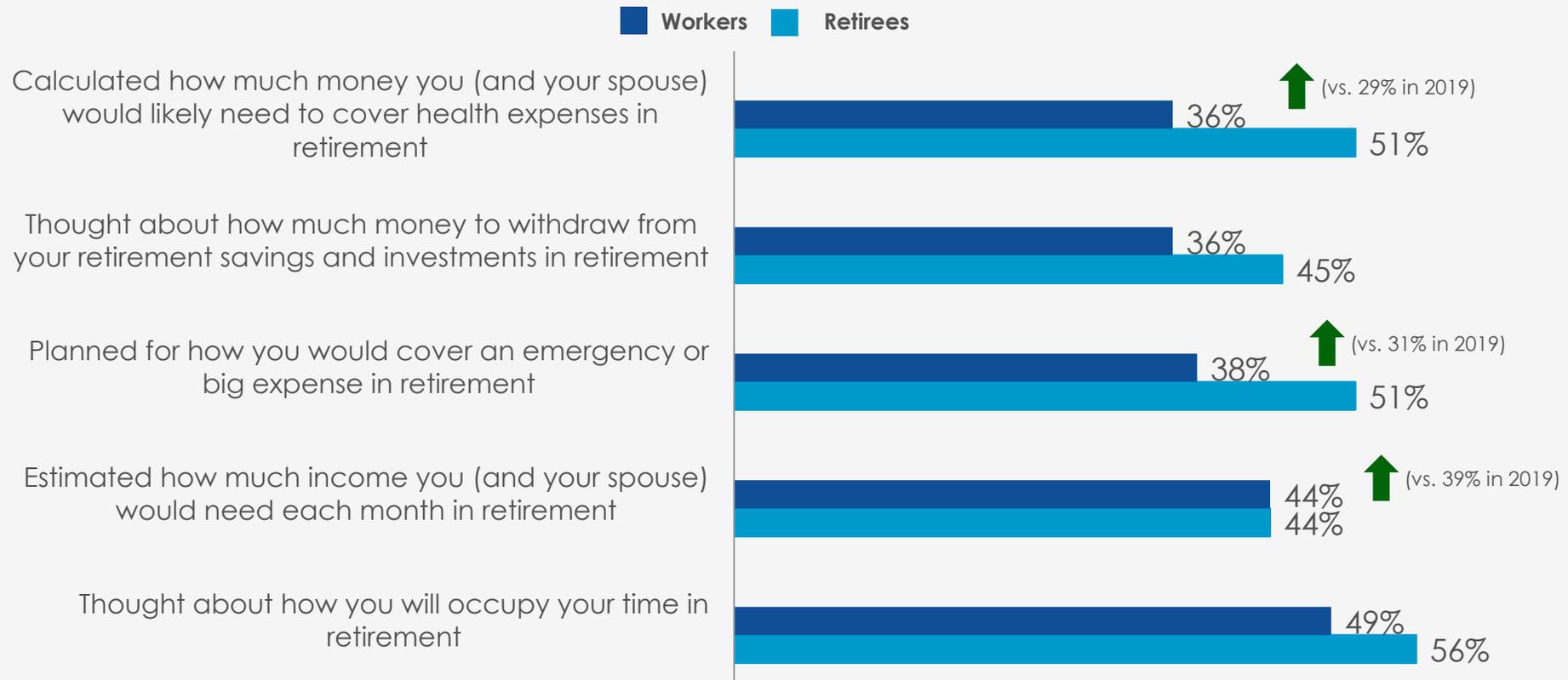


While most workers are confident they know how much monthly income will be needed, only 44% report having actually thought about this in order to prepare for retirement. However, retirees are much more likely than workers to say they estimated how much income they would need

To prepare for retirement, have/did you (and your spouse)...?

Workers n=1,018

Retirees n=1,024



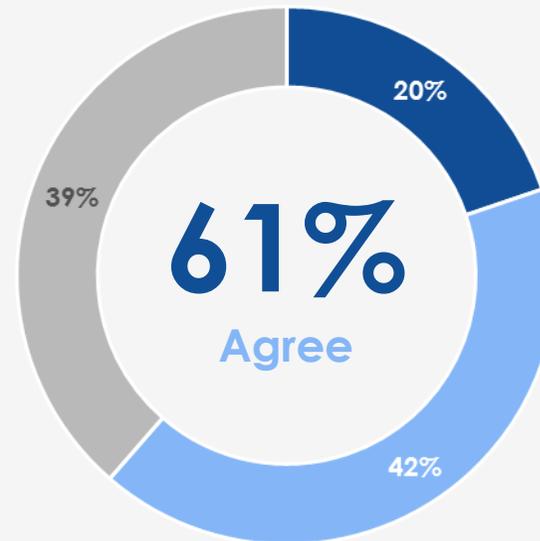
↑ = Up significantly from previous wave ↓ = Down significantly from previous wave

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

**Preparing for retirement makes you
feel stressed**

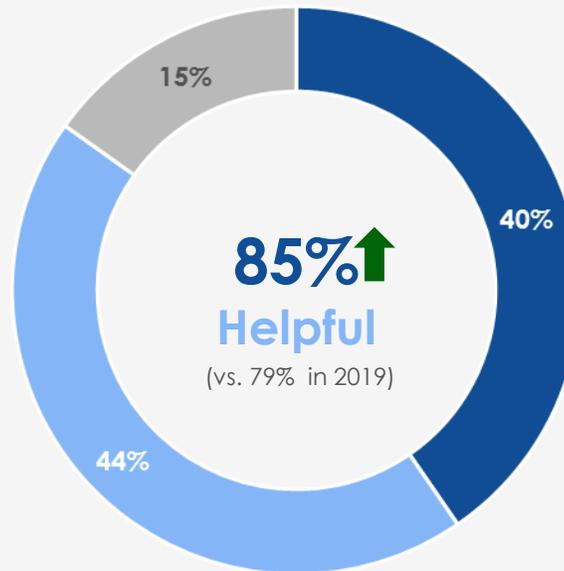


More than eight in ten workers would find a workplace program that helps employees figure out how much to save for retirement helpful.

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

■ Very Helpful ■ Somewhat Helpful ■ Not Helpful



↑ = Up significantly from previous year ↓ = Down significantly from previous year

Additional lessons from across the pond

Pension freedoms have created flexibility and confusion

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

- 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**

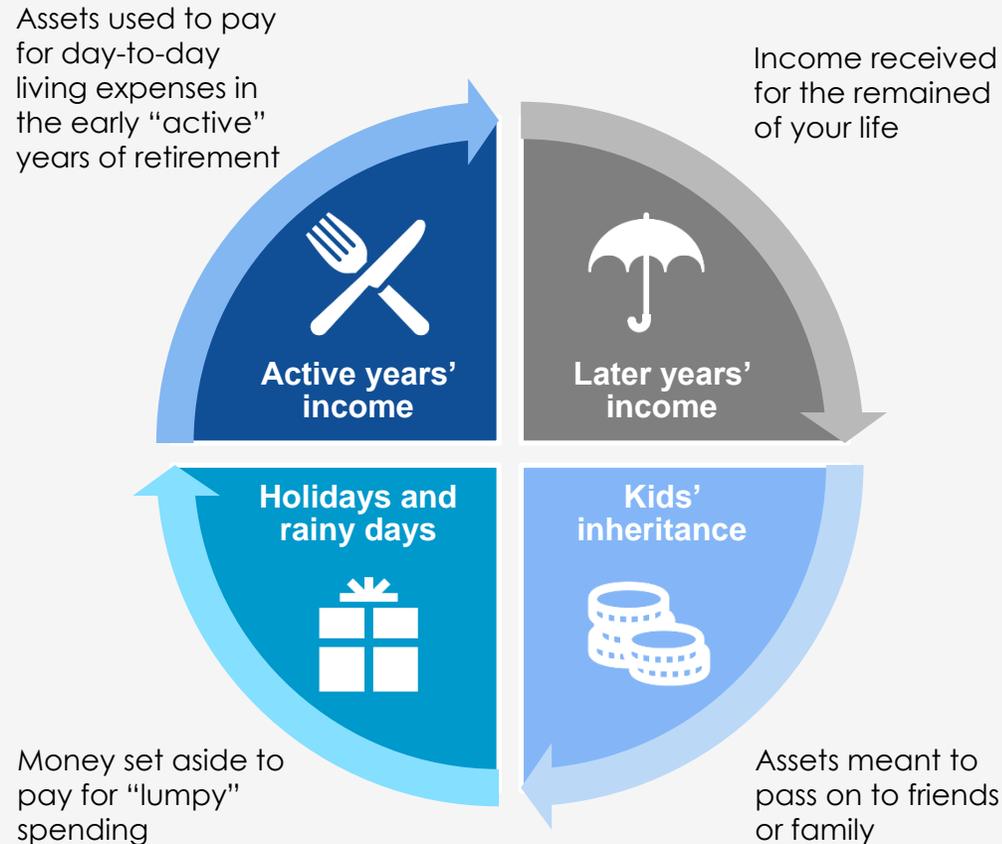
1. Consumers are confused by the plethora of options

- Respondents say its **‘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**

Conceptualizing the journey



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

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

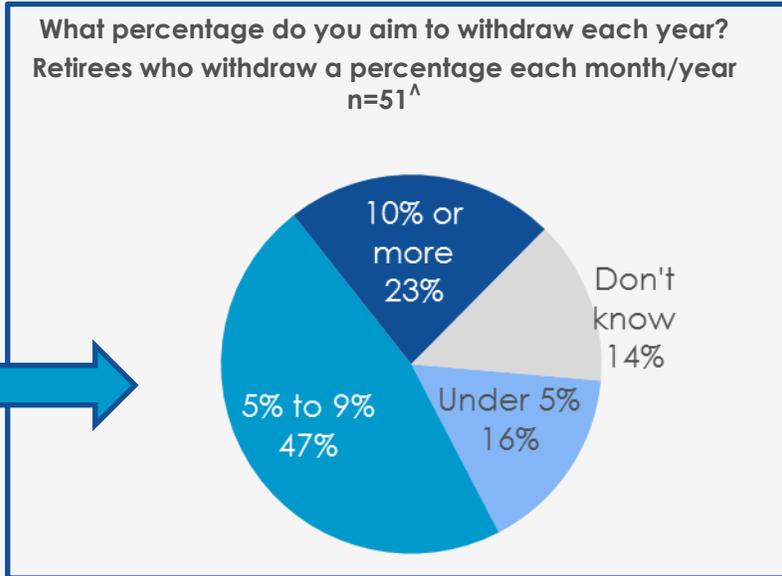
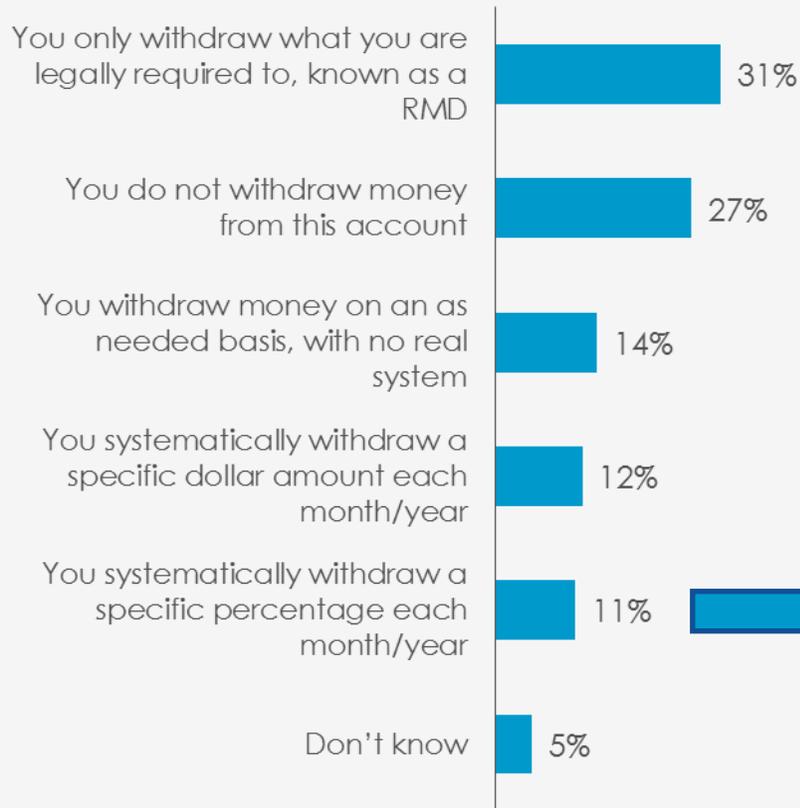


↑ = Up significantly from previous year ↓ = Down significantly from previous year

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?

Retirees with money in DC plan or IRA n=482

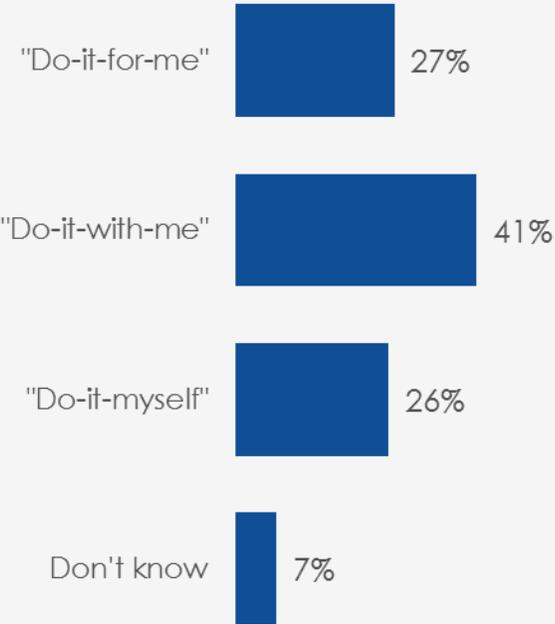


[^]Caution: Small base size

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



Not previously asked

Q&A



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

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