



Retirement Confidence Since COVID: Workplace Retirement Savings Plans and Retiree Spending

EBRI Webinar

May 18, 2021

Speakers



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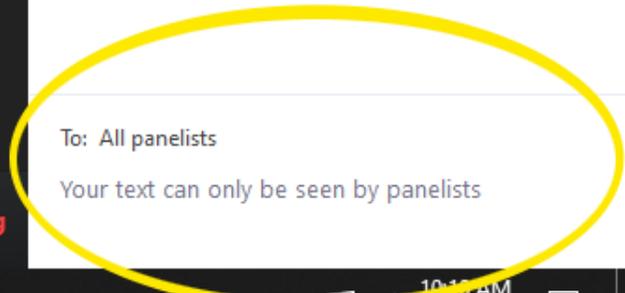
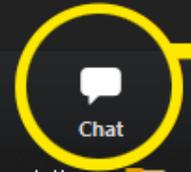
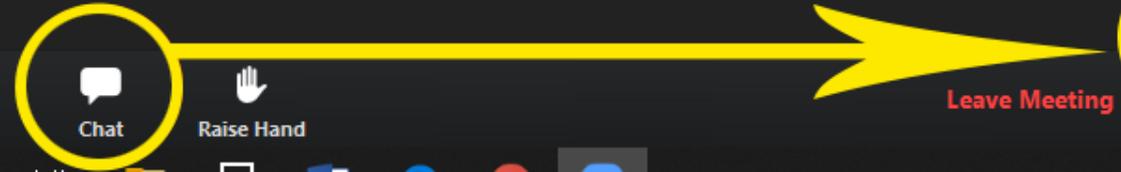
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The After Show



- This members-only discussion begins at 2:50 pm, immediately after Q&A.
- We kindly ask all non-members and those wishing not to participate to leave the webinar promptly at this time.
- If you are a member and did not initially register to attend the After Show, please feel free to stay for it.

2021 Retirement Confidence Survey

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2021 RCS Overview

31st 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 2021 survey of 3,017 Americans was conducted online January 5 through January 25, 2021. All respondents were age 25 or older. The survey included 1,507 workers and 1,510 retirees – this year included an oversample of roughly 500 completed surveys among Black Americans (252 workers and 253 retirees) and roughly 500 completed surveys among Hispanic Americans (253 workers and 249 retirees).

Data were weighted by age, sex, education, 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 ± 2.5 percentage points for both workers and retirees 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.

2021 RCS Sponsors

EBRI and Greenwald would like to thank the 2021 RCS sponsors who helped shape this year's survey.

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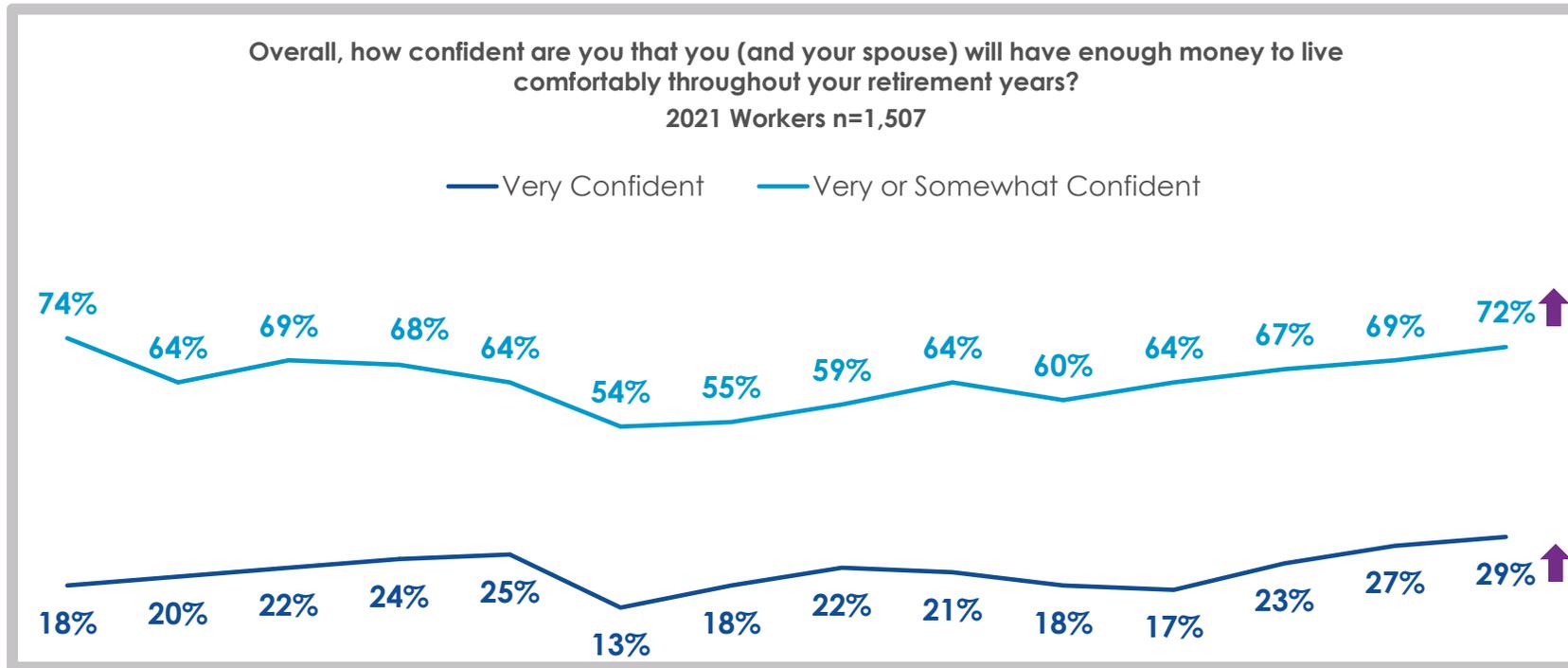
Retirement Clearinghouse

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7 in 10 workers are confident in having enough money to live comfortably in retirement.

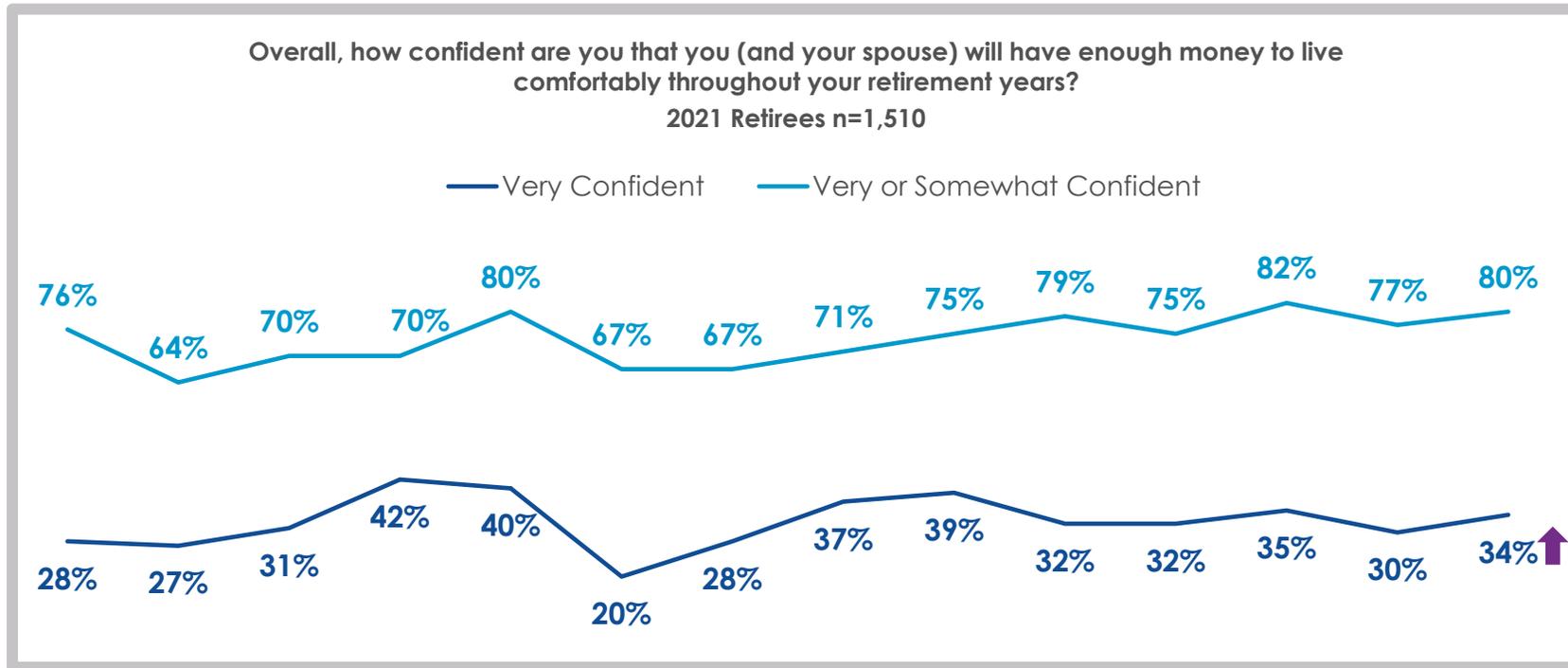


1993
↑
First year asked

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

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

Eight in ten retirees are confident they will have enough to live comfortably in retirement, including 1 in 3 who are very confident.



1993
↑
First year asked

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

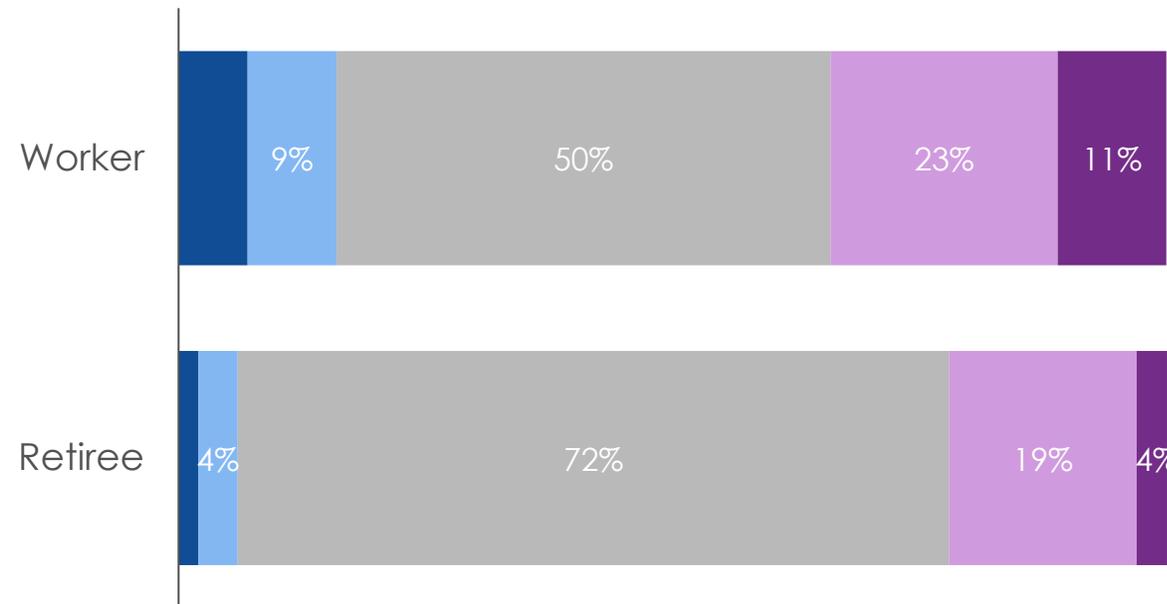
↑ = Up significantly from previous year ↓ = Down significantly from previous year
 ↑ = Up significantly from March 2020 ↓ = Down significantly from March 2020

Half of workers and 7 in 10 retirees report that the COVID-19 pandemic has not changed their confidence in their ability to live comfortably throughout their retirement.

How has the COVID-19 pandemic and its health and economic effects impacted your confidence that you (and your spouse) will have enough money to live comfortably throughout your retirement years? Do you feel...?

Workers n=1,507, Retirees n=1,510

■ Significantly more confident ■ Somewhat more ■ The same/Unchanged ■ Somewhat less ■ Significantly less confident



Who feels less confident?

These segments of the population were all more likely than their counterparts to say they feel less confident as a result of the pandemic and its economic impact.

34% OF ALL WORKERS FEEL LESS CONFIDENT
62% of "not confident" workers feel LESS confident now (vs. 23% who feel confident)
56% Fair/Poor Health (vs. 28% excellent/very good)
52% <\$35k HH Income (vs. 28% \$75k+)
49% <\$10k HH Savings/Investments (vs. 26% \$100k+)
47% Major Debt Problem (vs. 23% no debt problem)
47% Have Never Saved for Retirement (vs. 29% who saved)
40% Without a DC Plan (vs. 32% with one)
41% Not Married (vs. 30% married)
40% <College Degree (vs. 31% with BA or higher)
38% Women (vs. 30% men)

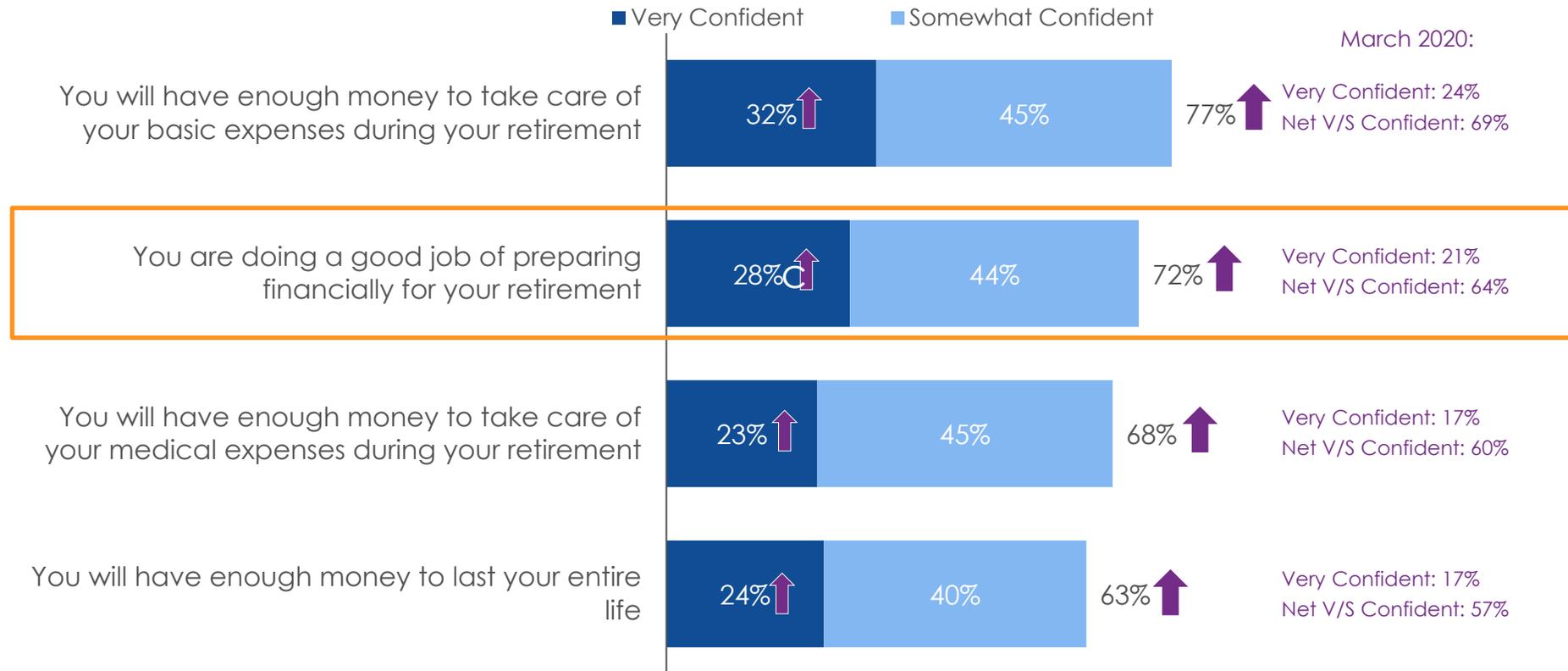
All of these worker and retiree segments already had lower confidence than their counterparts in January 2020.*

All percentages shown are statistically significant
*2020 sample sizes by race/ethnicity were too small to use for comparison

23% OF ALL RETIREES FEEL LESS CONFIDENT
51% of "not confident" workers feel LESS confident now (vs. 15% who feel confident)
53% Major Debt Problem (vs. 14% no debt problem)
36% <\$10k HH Savings/Investments (vs. 16% \$100k+)
33% Have Never Saved for Retirement (vs. 19% who saved)
32% Fair/Poor Health (vs. 17% excellent/very good)
32% of Hispanic & 30% of Black Retirees (vs. 23% of all retirees)
30% Under Age 65 (vs. 21% age 65+)
29% <\$35k HH Income (vs. 16% \$75k+)
28% Without a DB Plan (vs. 18% with one)
27% Not Married (vs. 19% married)
26% Women (vs. 19% men)
24% Without a DC Plan (vs. 19% with one)

Workers' confidence in having enough to cover basic expenses, medical expenses, and having enough to last remains consistent with prior years.

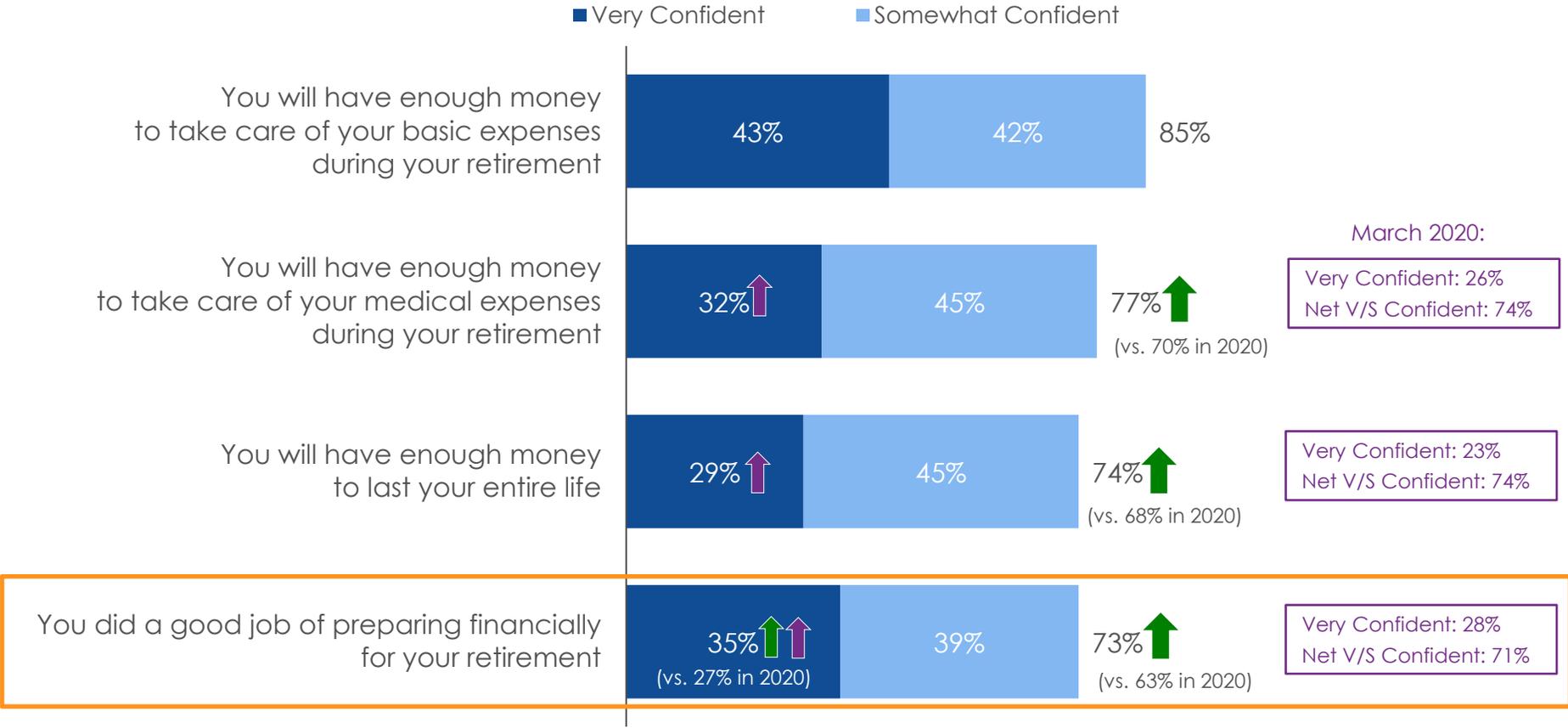
How confident are you (and your spouse) about the following aspects related to retirement?
Workers n=1,507



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

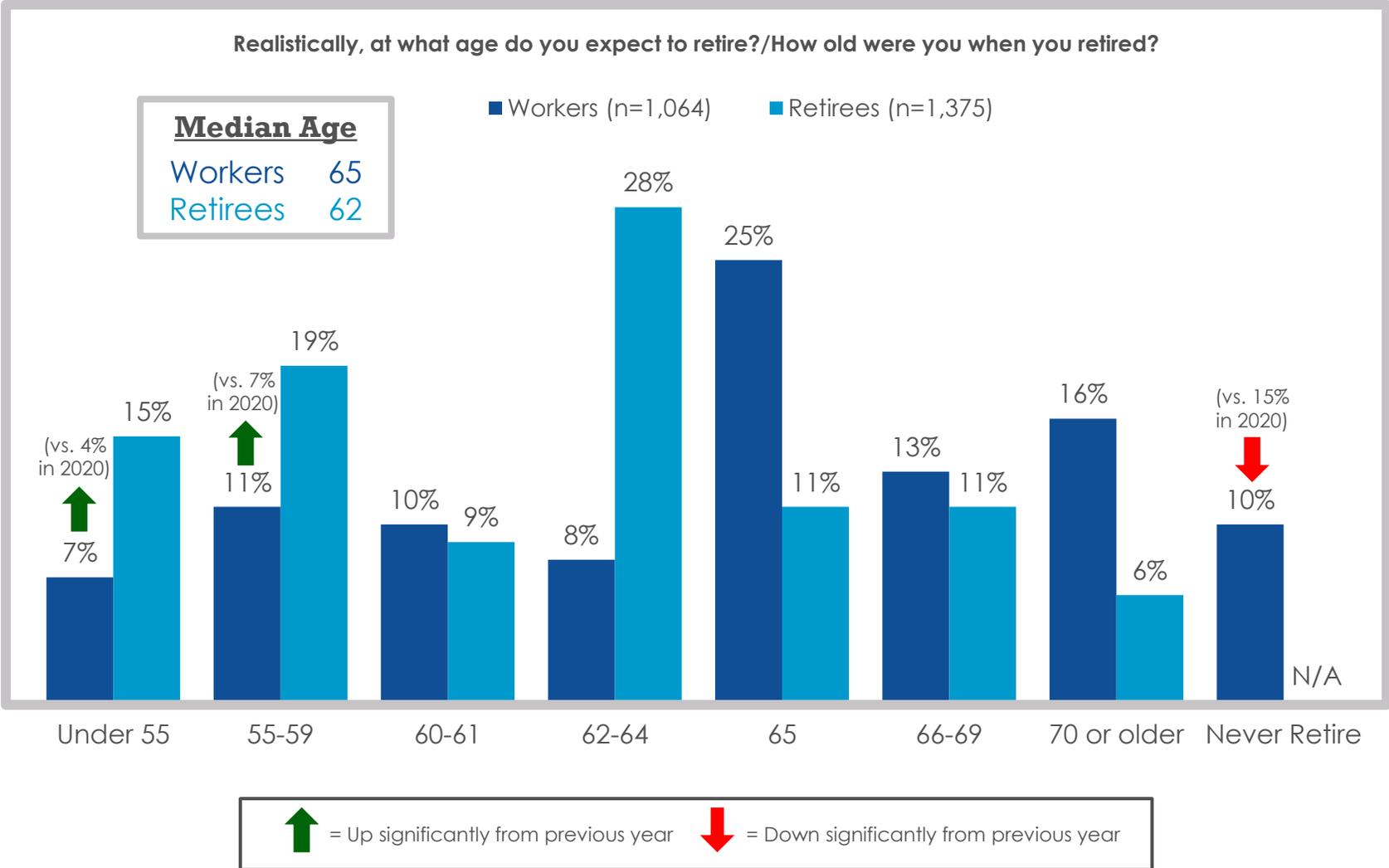
Most retirees remain confident that they will have enough money to take care of their basic expenses during their retirement.

How confident are you (and your spouse) about the following aspects related to retirement?
Retirees n=1,510



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

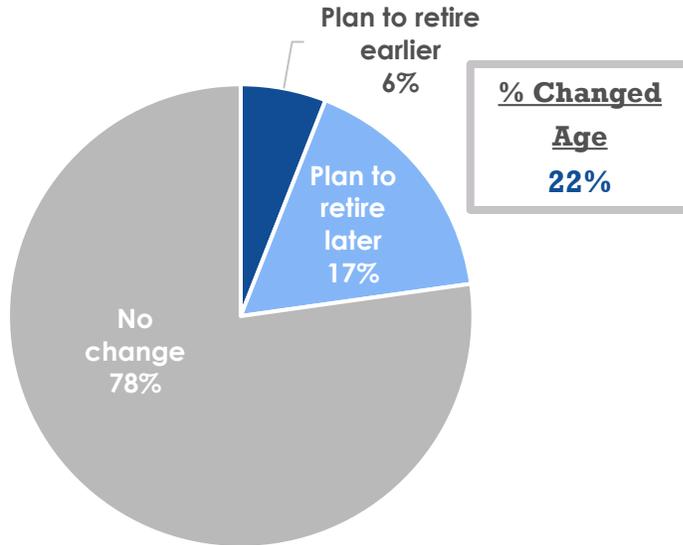
More than half of workers expect to retire at 65 or later, differing with the majority of retirees who retired earlier than 65.



Figures and n-sizes presented exclude those who answered 'Don't know', said they never worked, or refused to answer

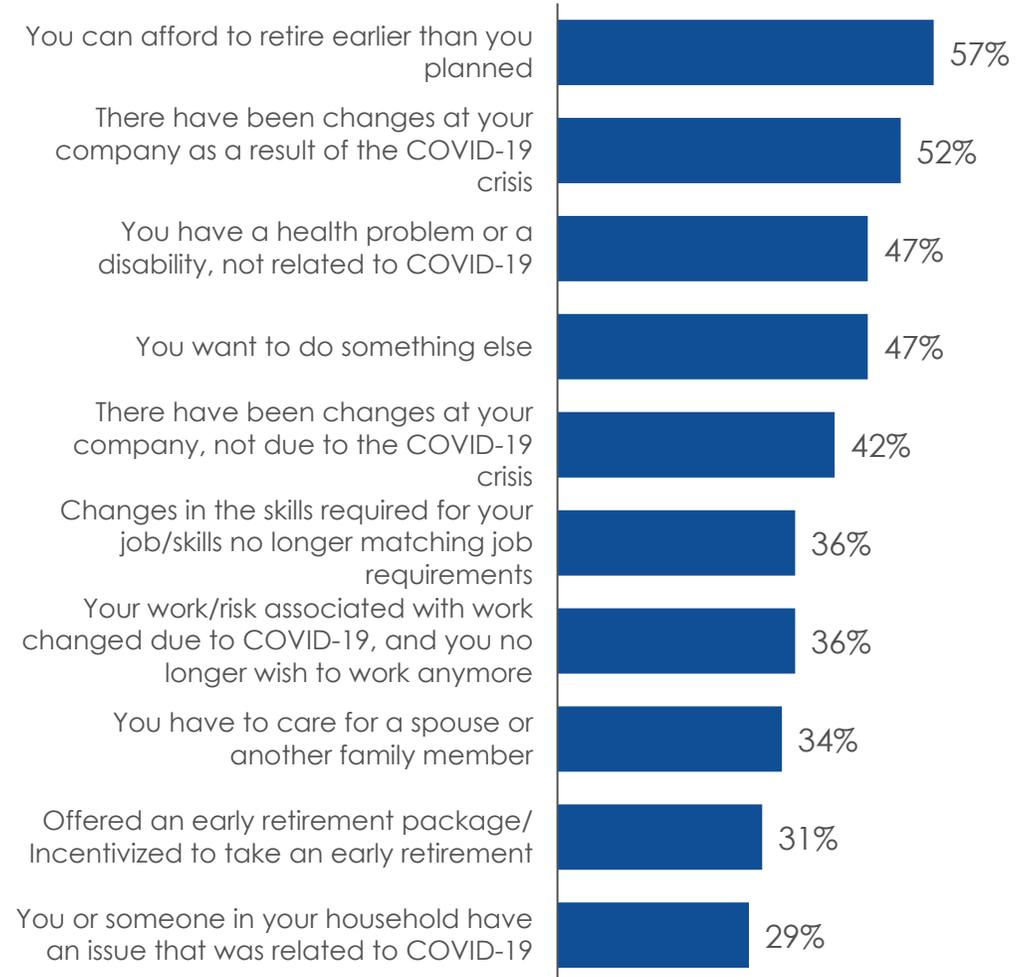
Most workers have not adjusted their target retirement age since the beginning of 2020, but very few (1 in 20) plan to retire earlier – most often saying they are able to afford it or due to COVID-19-related changes at their company.

Have you adjusted your target retirement age since January 1st, 2020?
Workers n=1,507

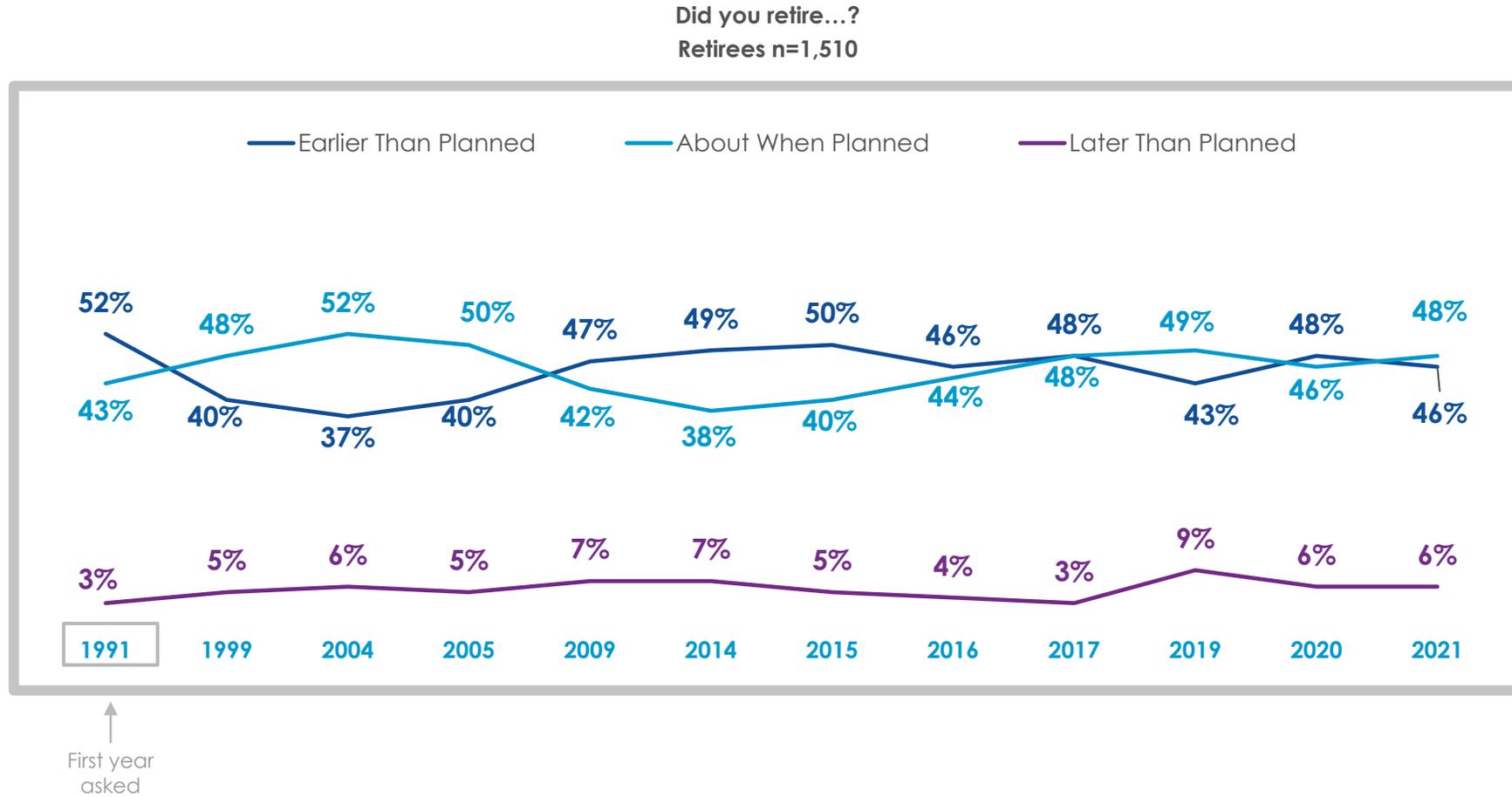


Not previously asked

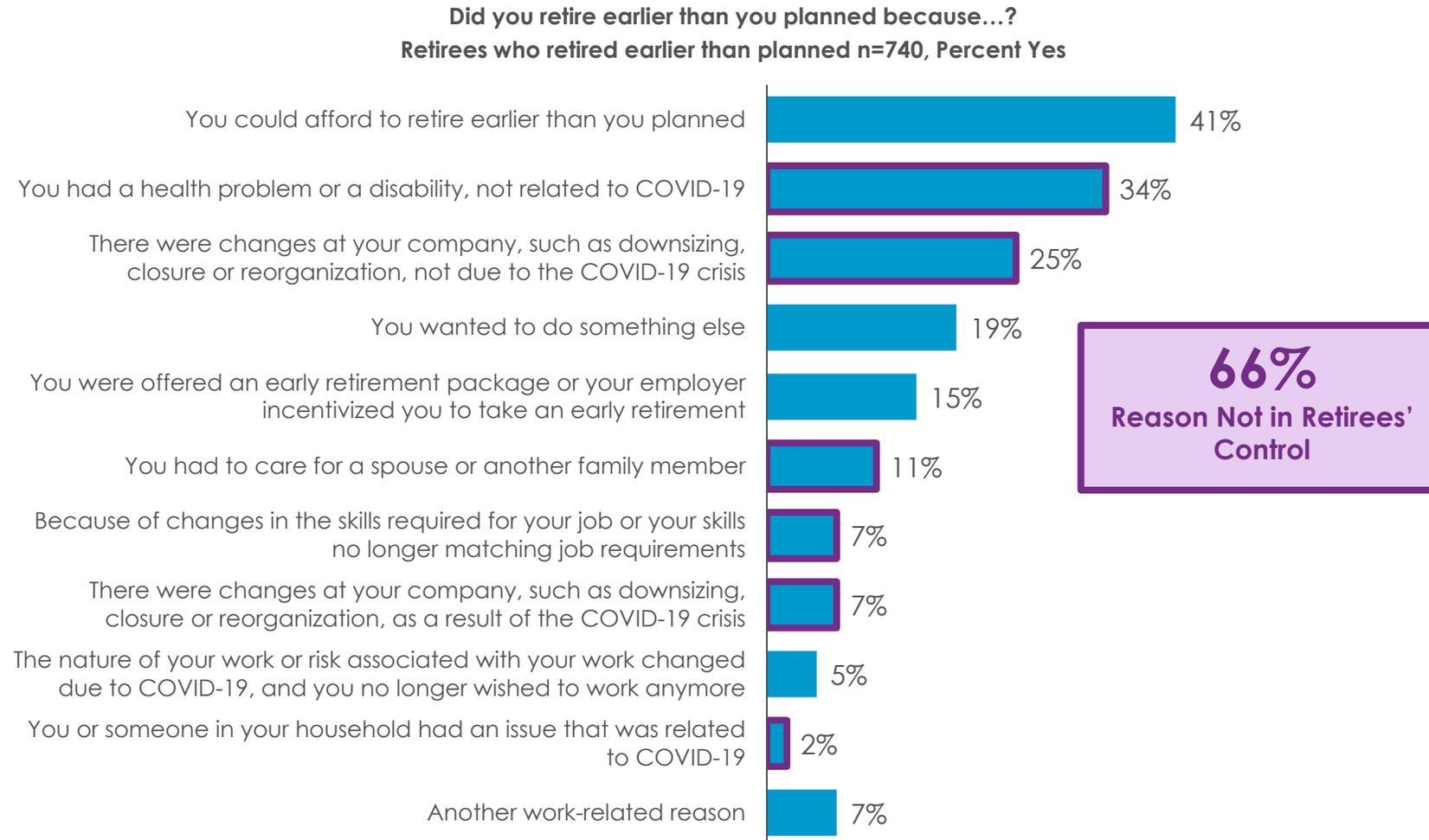
Are the following reasons why you now plan to retire earlier?
Workers planning to retire earlier n=76



Nearly half of retirees say they retired earlier than expected.

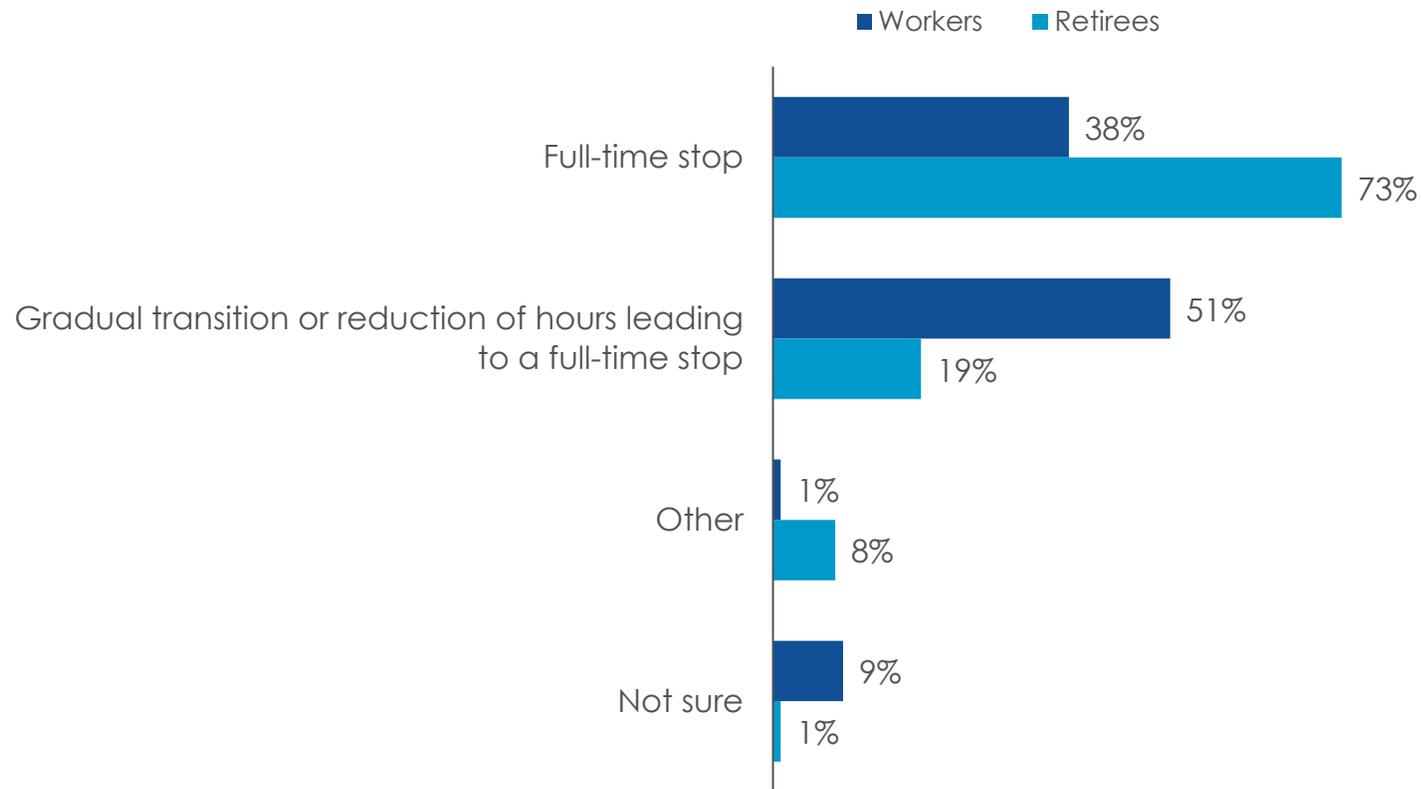


4 in 10 retirees say they retired earlier than planned because they could afford to; 1 in 3 say they had a health problem or disability (unrelated to COVID-19).



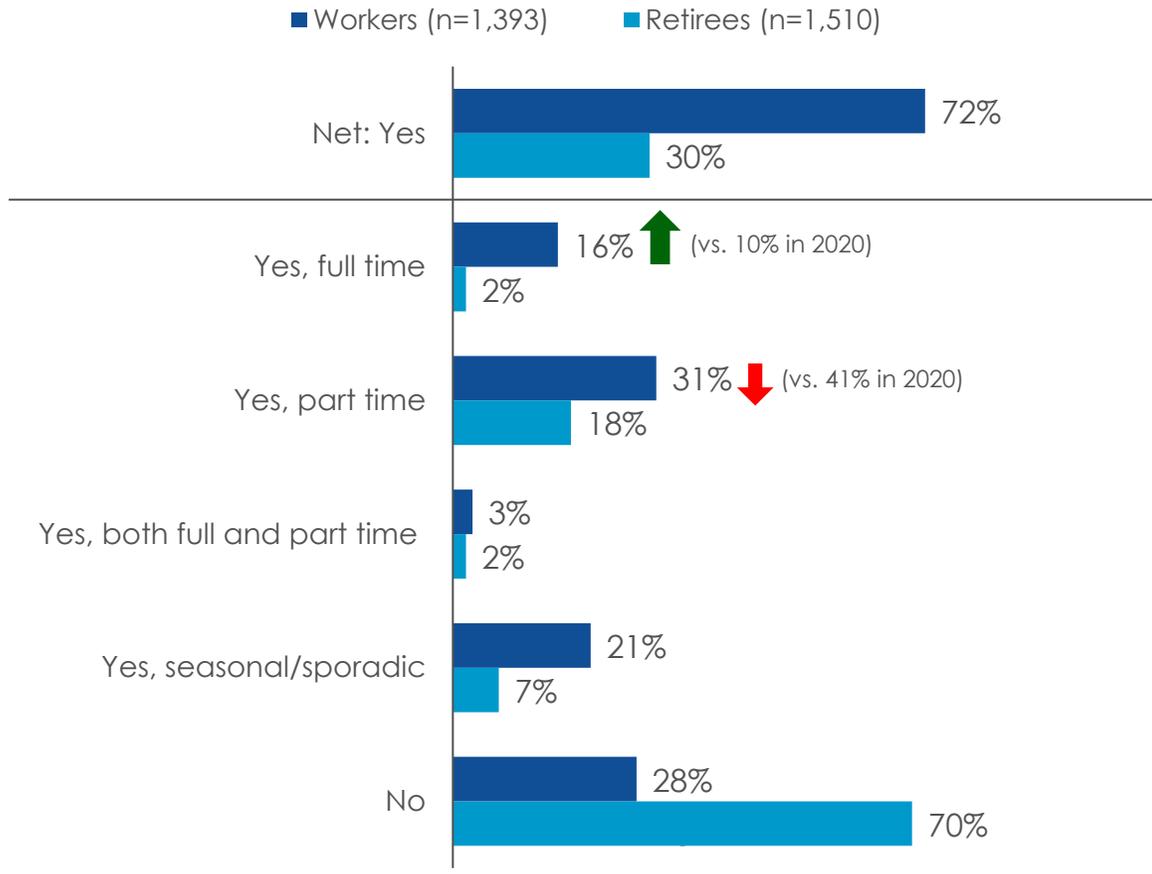
Half of workers believe they will gradually transition into retirement. However, seven in ten retirees report they had a full-time stop.

Which of the following best describes (how you will retire/how you retired)?
Gave a retirement age; Workers n=950, Retirees n=1,375



Workers continue to be much more likely to expect to work in retirement than retirees actually do.

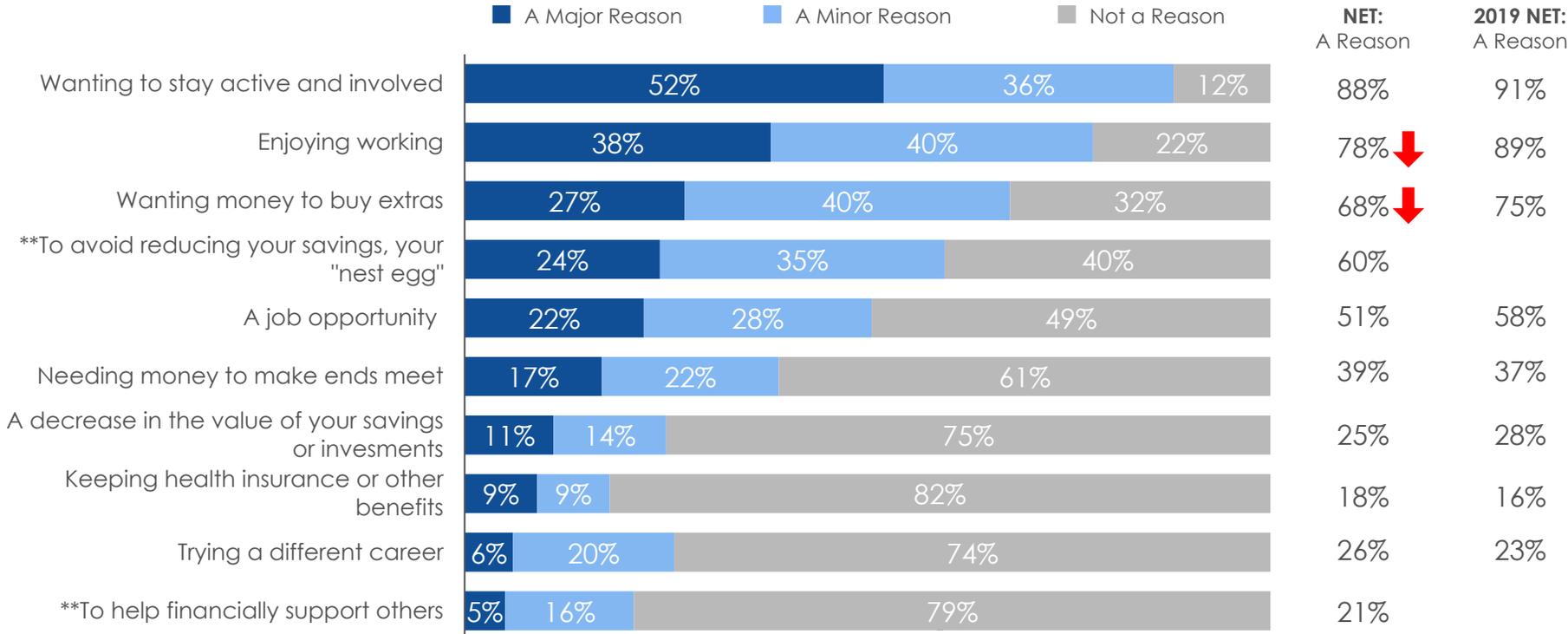
Do you think you will do any work for pay after you retire / Have you worked for pay since you retired?
Workers planning to retire, Retirees total



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

Among retirees who report having worked in retirement, 9 in 10 say they did so because they wanted to stay active or involved.

Which of the following are reasons why you worked for pay after you retired?
Retirees who work in retirement n=437

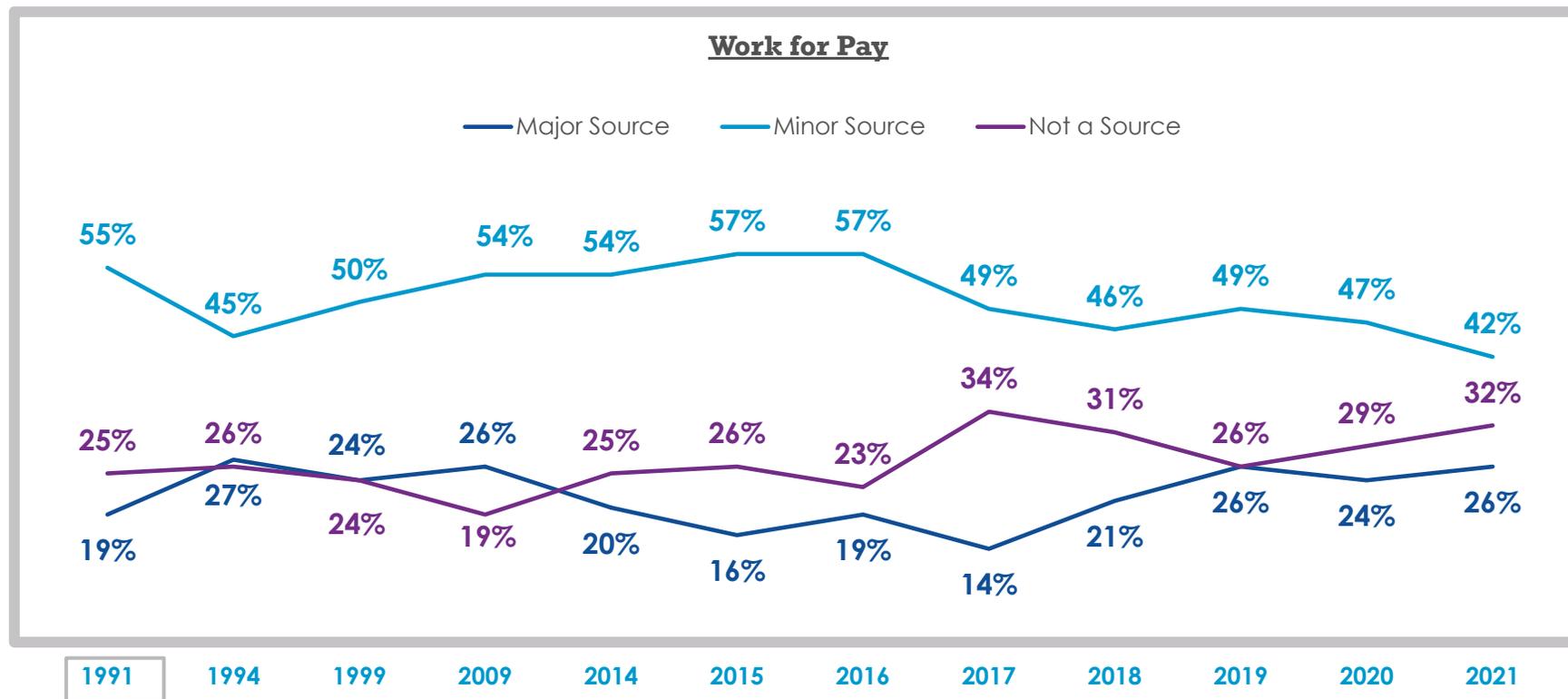


**New-added in 2021

↑ = Up significantly from 2019
 ↓ = Down significantly from 2019

2 in 3 workers expect working for pay will be a source of income in retirement, including 1 in 4 claiming it will be a major source.

To what extent do you expect each of the following to be a source of income in retirement?
2021 Workers planning to retire n=1,393



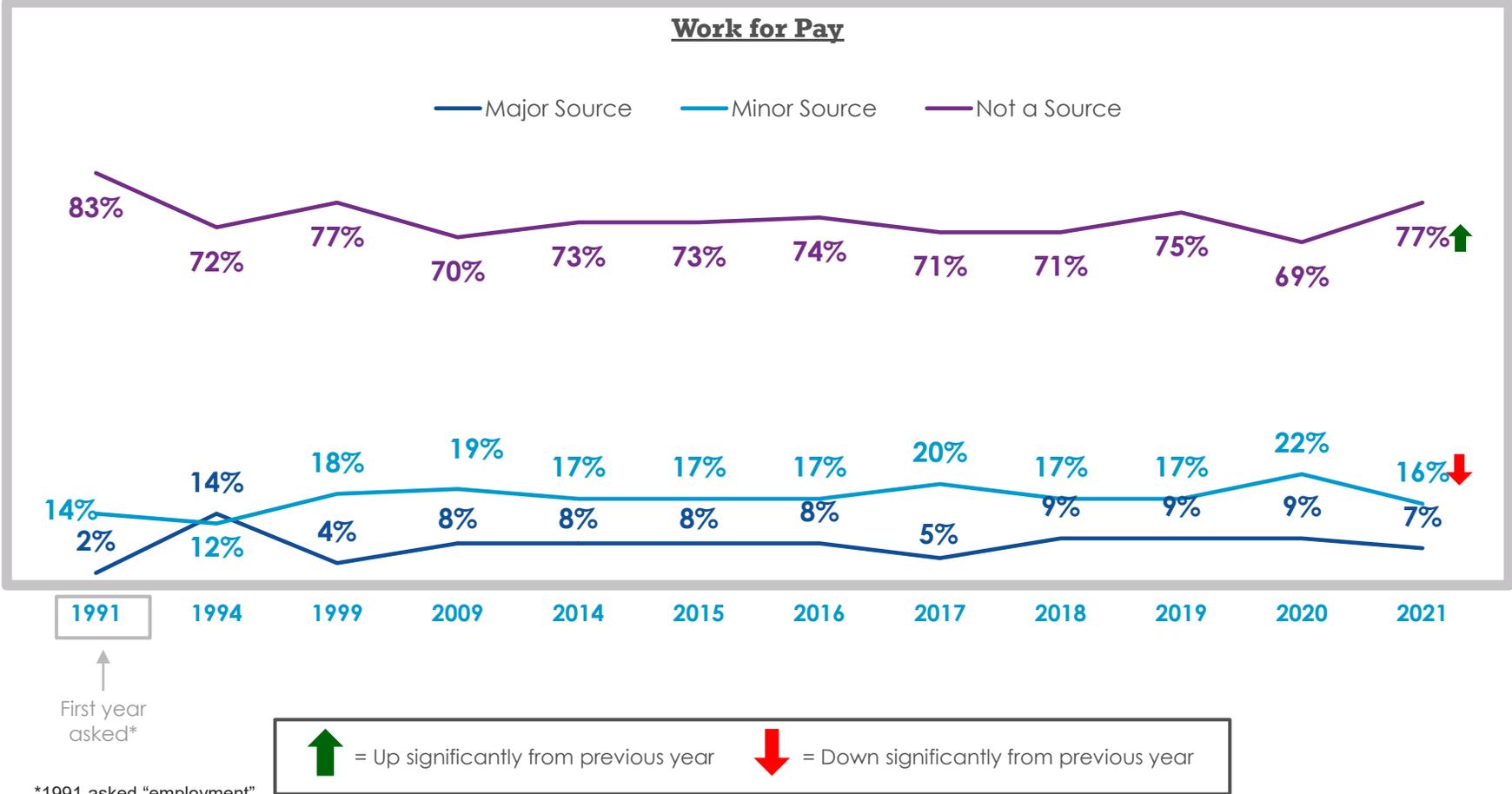
1991

First year asked*

*1991 asked "employment"

3 in 4 retirees say working for pay is not a source of income in retirement, an increase from last year.

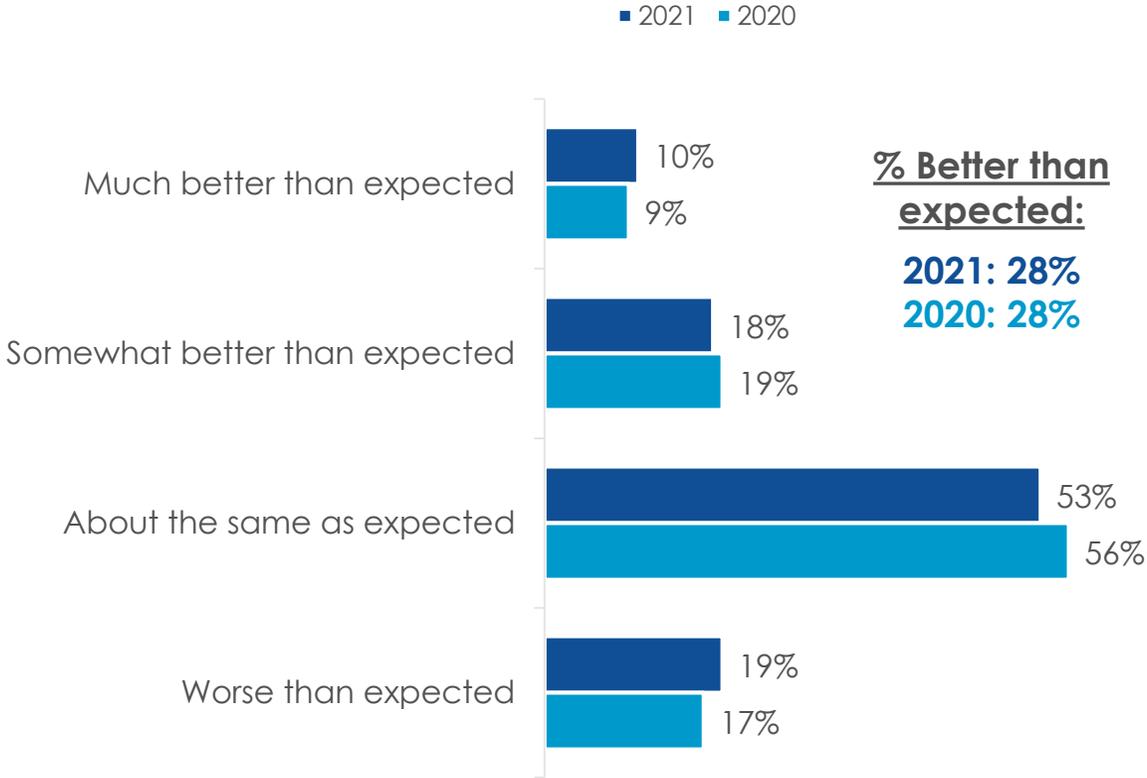
To what extent is each of the following a source of income in retirement?
 2021 Retirees n=1,510



Retiree Spending & Assets

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

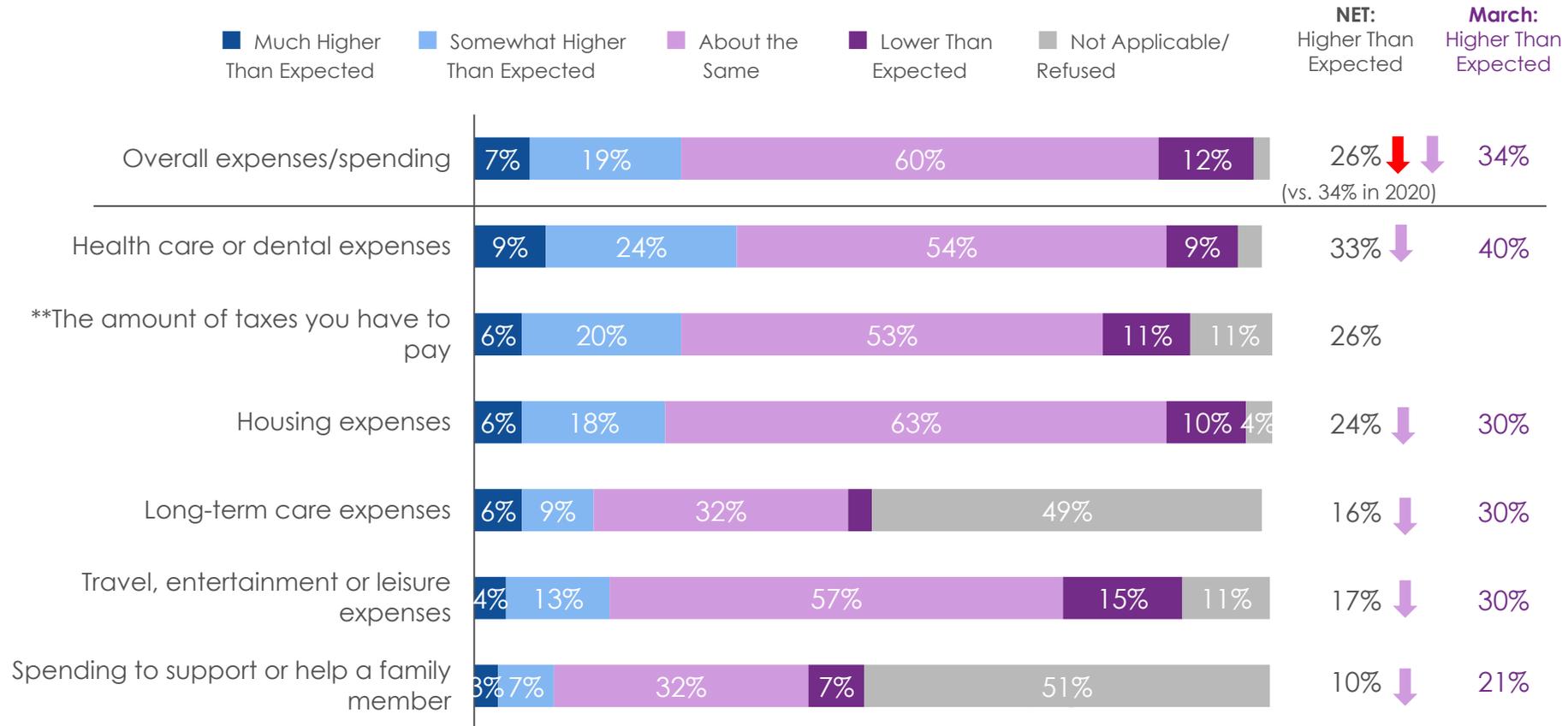
How does your overall lifestyle in retirement now compare to how you expected it to be before you retired?
For example, are you traveling, spending time with family or volunteering as much as you expected?
Retirees n=1,510



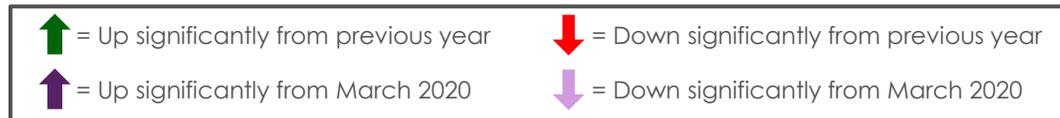
Fewer retirees report that their overall spending is higher than expected. This is also true regarding health care, housing, long-term care, travel, and spending to support family in comparison to March 2020.

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=1,510

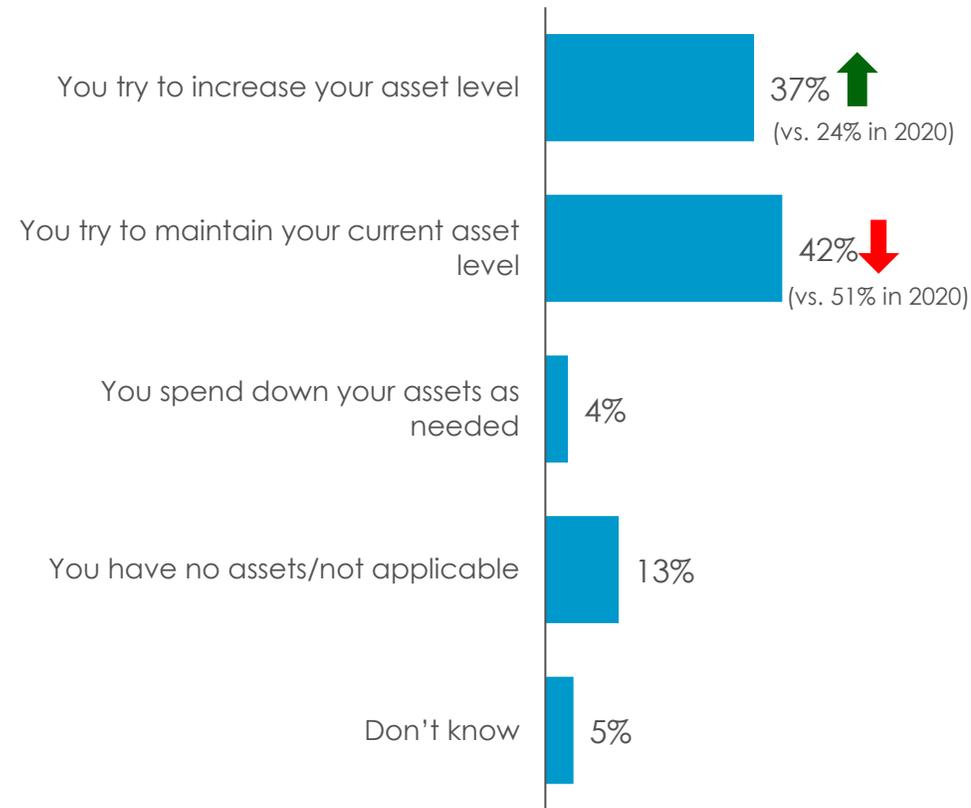


**New-added in 2021



Up from last year, nearly 4 in 10 retirees say they aim to increase their current level of assets.

Which one of the following best represents your behavior when it comes to your level of assets?
Retirees n=1,510



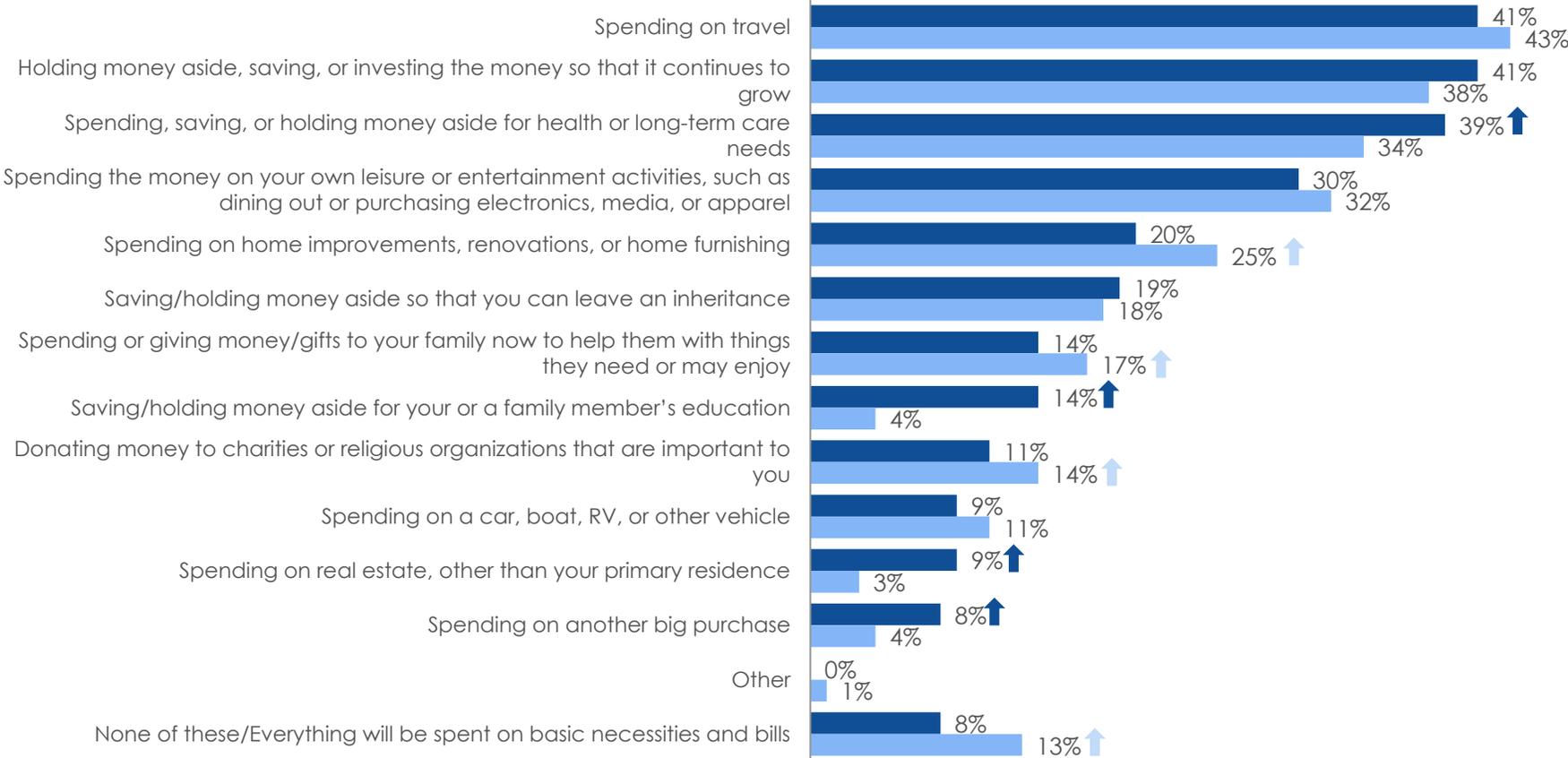
↑ = Up significantly from previous year ↓ = Down significantly from previous year

After bills and necessities, travel is the top priority for use of retirement savings for workers and retirees. Retirees are more likely than workers to prioritize spending on home improvements.

Aside from paying for basic necessities and routine bills, which of the following would you say are your top three priorities for how you use, or will use, or spend your retirement savings?

Workers who plan to retire n=1,393, Retirees n=1,510

■ Workers ■ Retirees



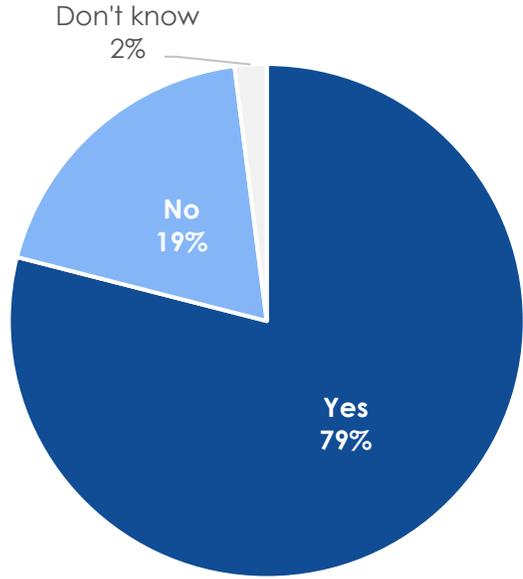
Not previously asked

↑ = Significantly higher than Retirees ↑ = Significantly higher than Workers

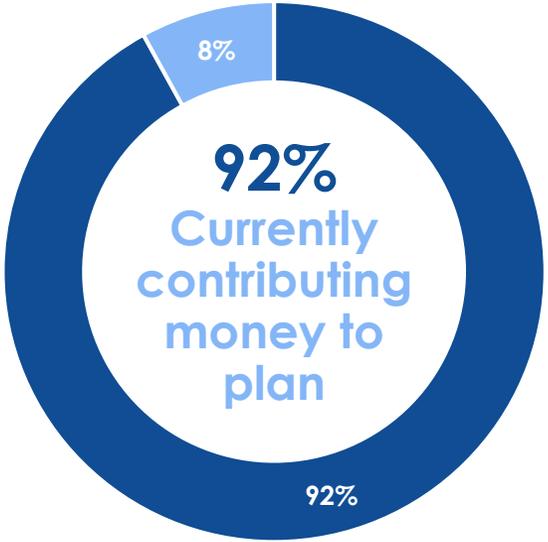
Workplace Retirement Savings Plans

Eight in ten of those working full-or part-time report being offered a retirement savings plan, and nearly all say they contribute.

Does your current employer offer you a retirement savings plan that allows you to make contributions from your salary, such as a 401(k), tax-deferred annuity or 403(b), 457, or thrift savings plan?
Workers employed full- or part-time n=1,069

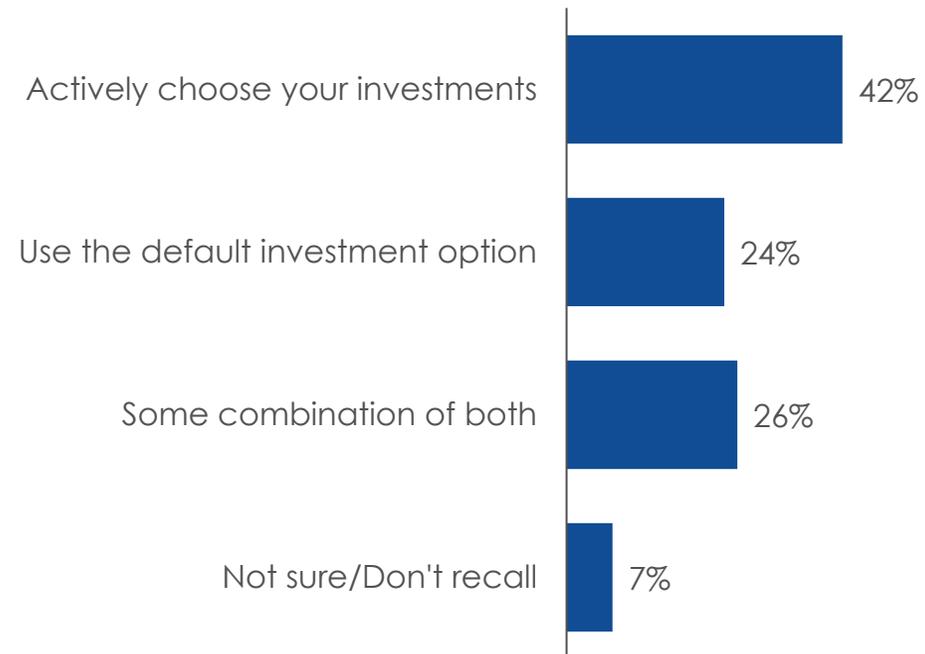


Are you currently contributing money to the retirement savings plan?
Workers offered an employer-sponsored retirement savings plan n=828



4 in 10 workers actively chose their investments within their retirement savings plan, 1 in 4 use the default option, and a similar share use a combination of both.

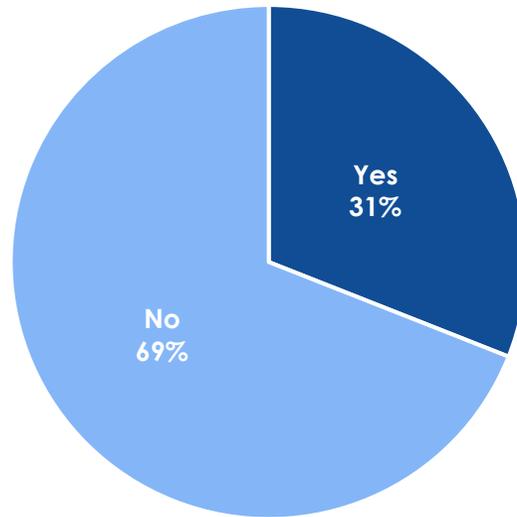
Within your retirement savings plan, did you...?
Workers currently contributing to an employer-sponsored retirement savings plan n=744



3 in 10 workers made changes to their workplace retirement plan contribution since January 2020. Of this share, nearly six in ten increased the amount they contribute. 1 in 4 stopped contributing.

Have you made changes to either your workplace retirement plan contribution or the way your retirement plan savings are invested since January 1st, 2020?

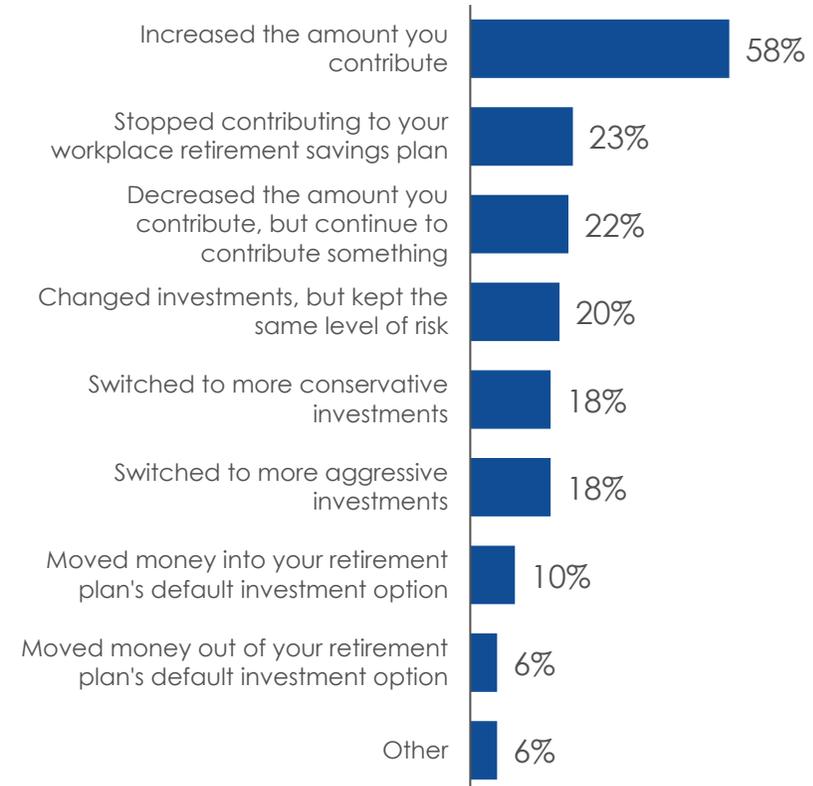
Workers offered an employer-sponsored retirement savings plan n=828



Not previously asked

Which of the following changes have you made since January 1st, 2020?

Workers that made changes to workplace retirement plan n=242

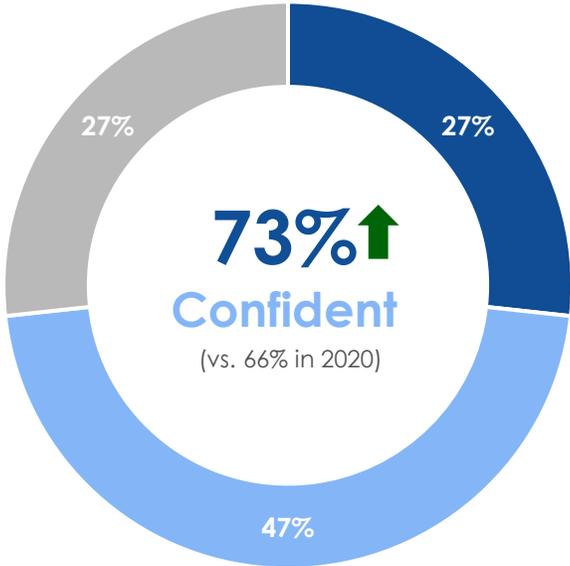


Up significantly from last year, nearly 3 in 4 workers are confident in their ability to choose the right retirement products for their situation.

How confident are you (and your spouse)...?
Workers n=1,507

In your ability to choose the right retirement products or investments for your situation

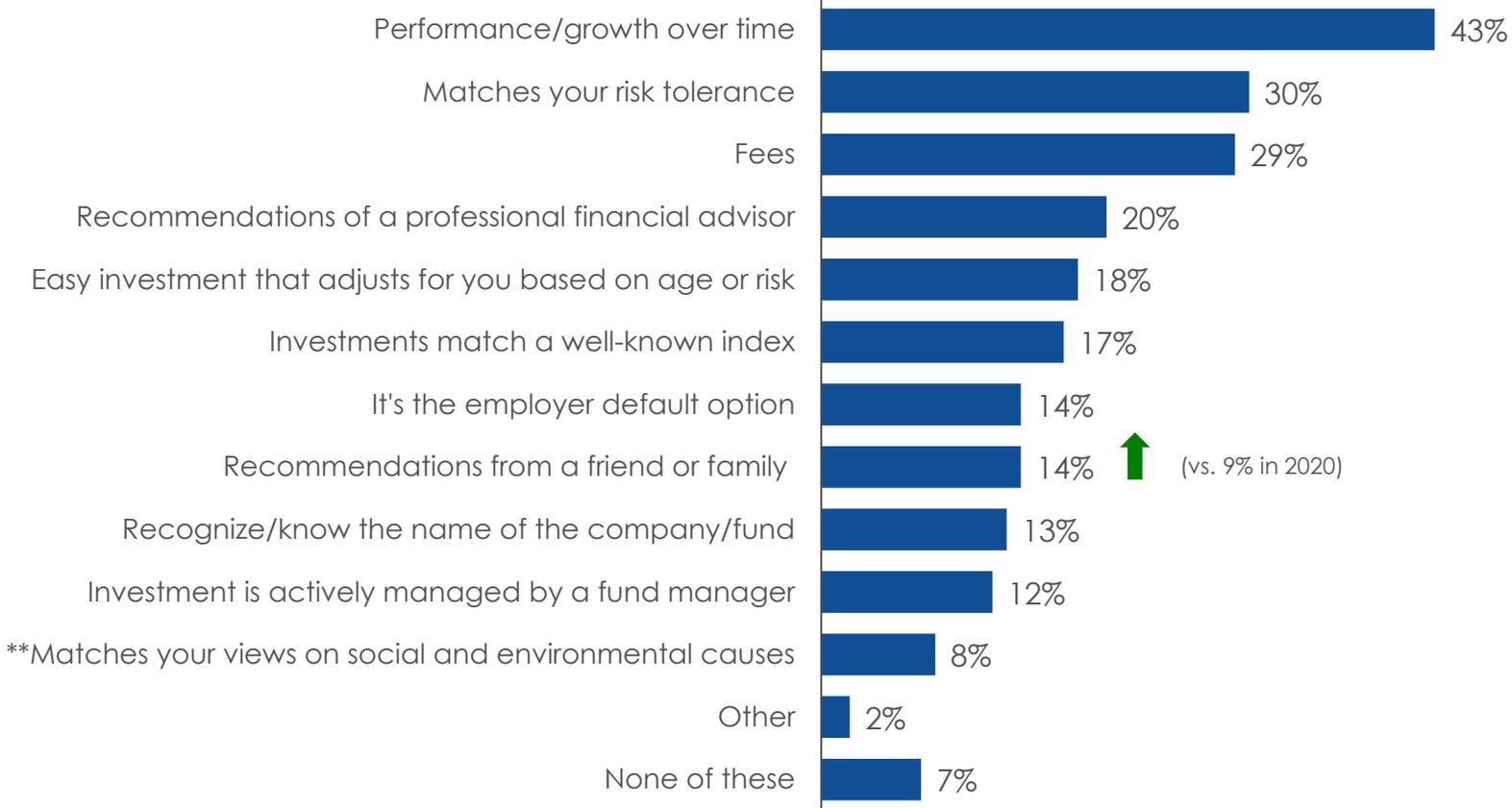
■ Very Confident ■ Somewhat Confident ■ Not Confident



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

Workers most often consider performance when choosing retirement investments in their workplace plan. 3 in 10 take risk tolerance and fees into consideration.

What factors do you consider when selecting investment options within your workplace retirement plan?
 Workers currently contributing to an employer-sponsored retirement savings plan n=744

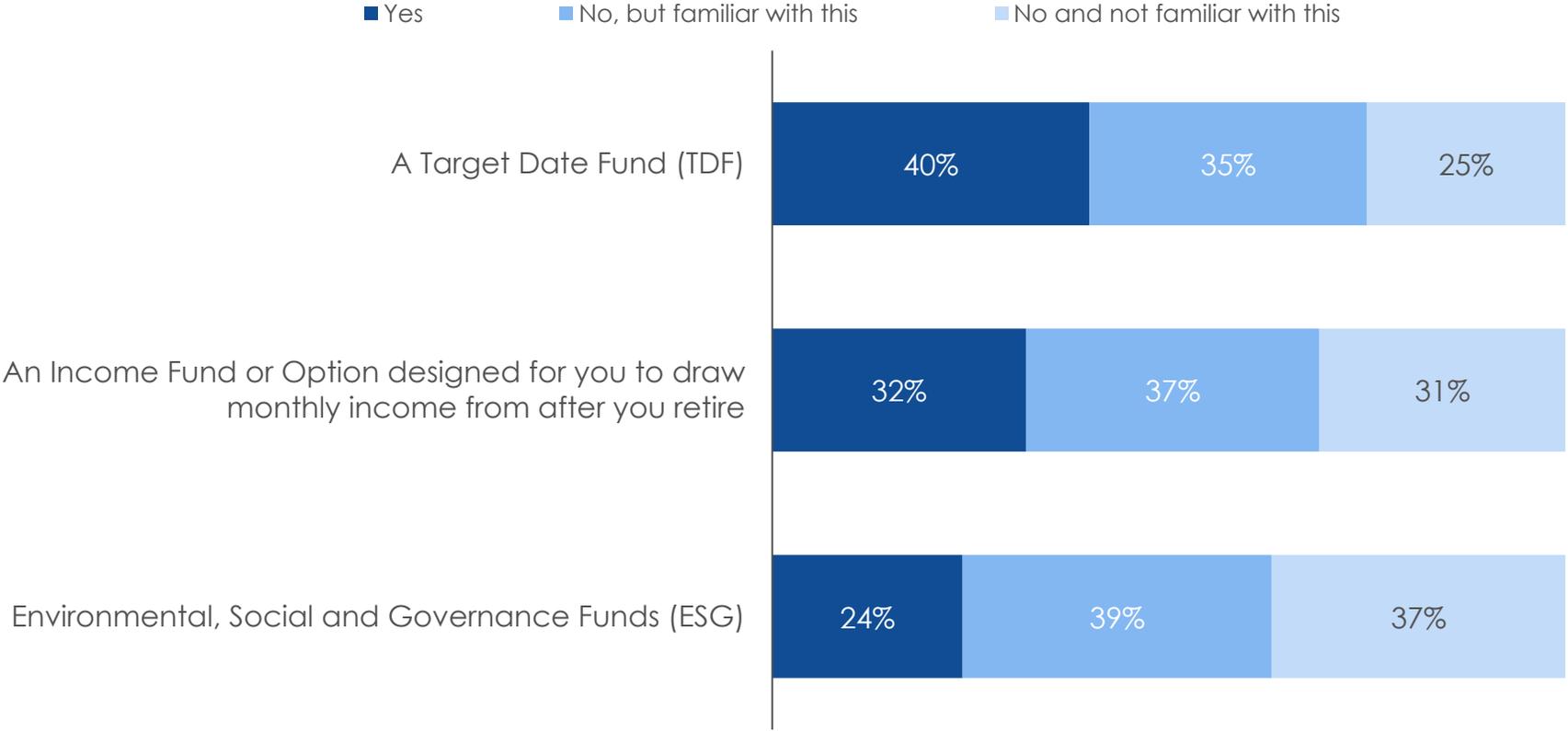


**New-added in 2021

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

Four in ten workers report having money invested into a TDF. 1 in 3 claim to use income option to draw monthly income after retirement.

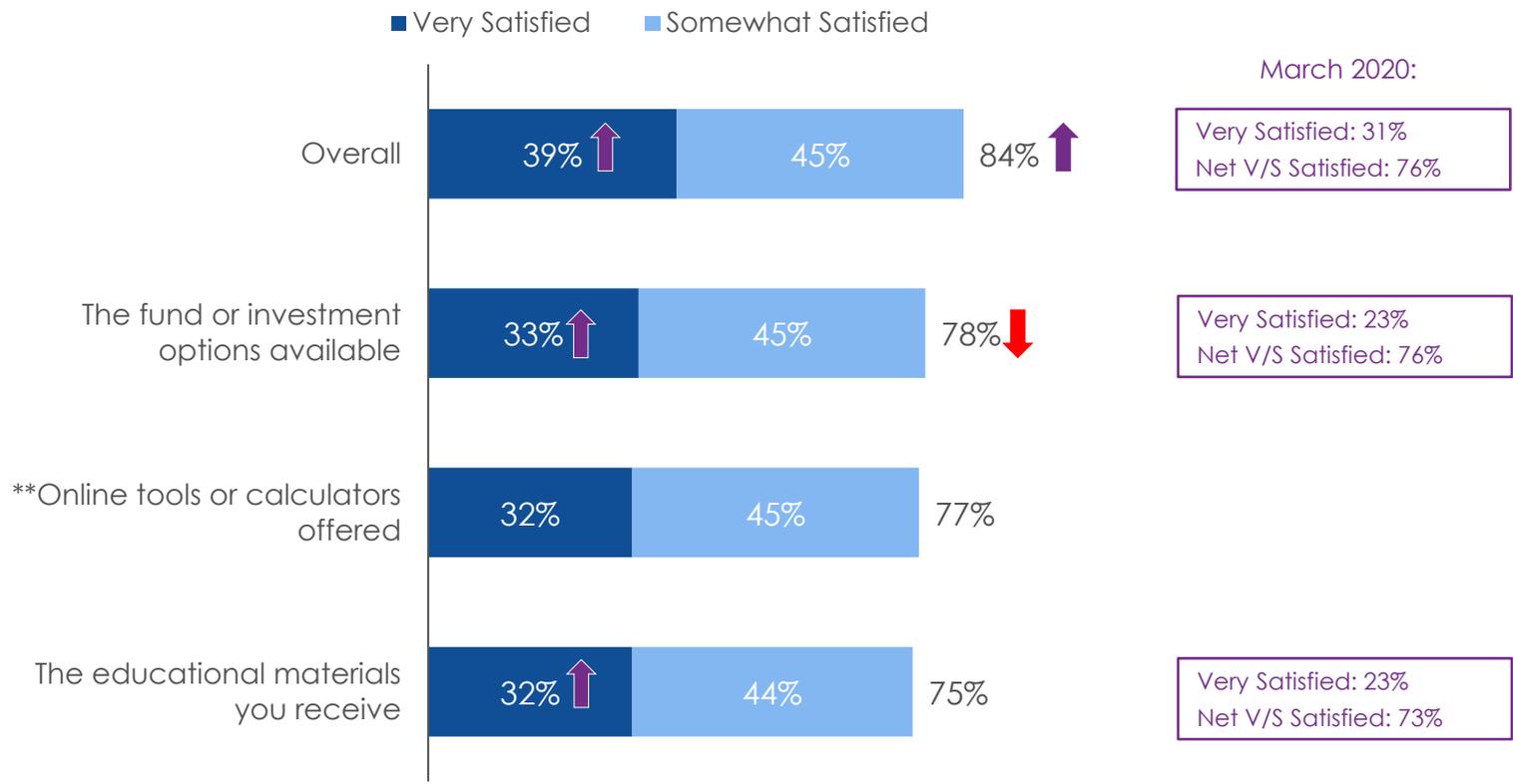
Within your workplace retirement savings plan, do you currently have money invested or allocated to...?
Workers currently contributing to an employer-sponsored retirement savings plan n=744



Not previously asked

More than 8 in 10 are satisfied with their retirement plan overall. Over 3 in 4 are satisfied with the investment options.

How satisfied are you with the following aspects of your workplace retirement savings plan?
 Workers offered an employer-sponsored retirement savings plan n=828



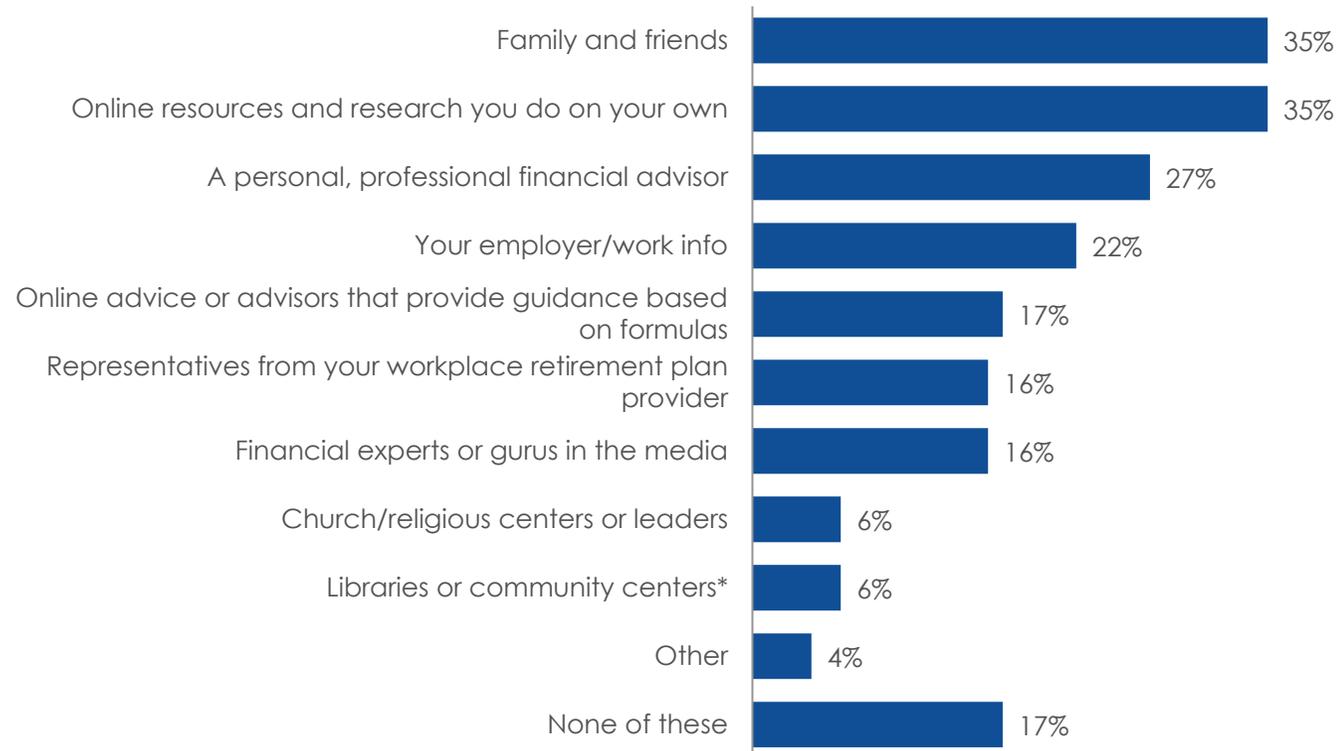
**New-added in 2021

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

Thoughts on Retirement Planning, Information Gathering and Behaviors among Workers and Retirees

More than 1 in 3 workers rely on family and friends for retirement planning advice. The same share rely on their own research they conduct online.

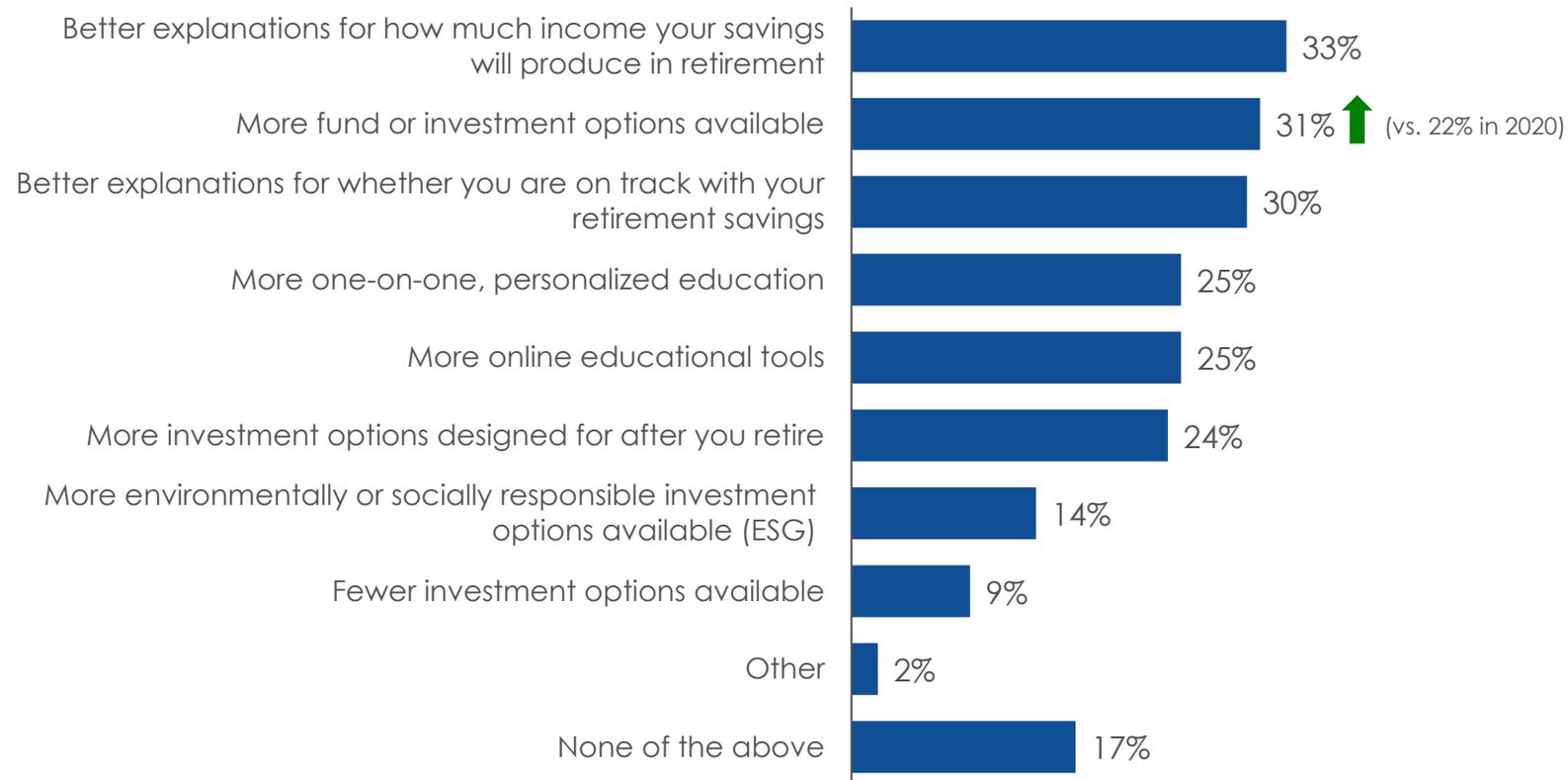
Which of the following people or groups do you use as a source of information for retirement planning?
2021 Workers n=1,507



1 in 3 workers would like more information about how much income their savings will produce in retirement. Up from last year, 3 in 10 would like more fund options.

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

Workers offered an employer-sponsored retirement savings plan n=828



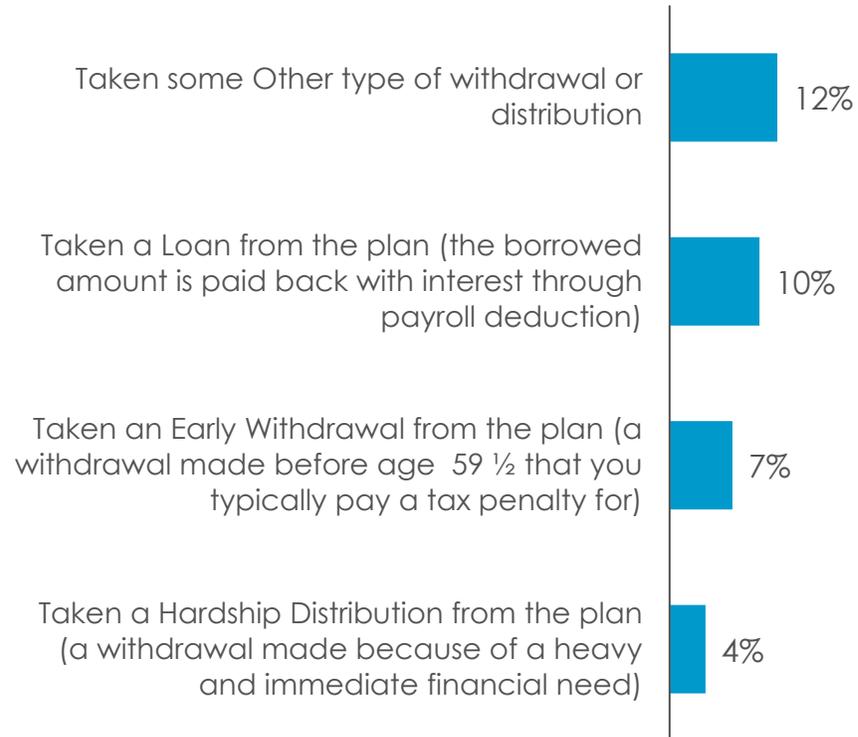
= Up significantly from previous year



= Down significantly from previous year

The majority of retirees who saved for retirement have not taken a withdrawal or distribution from their workplace retirement savings.

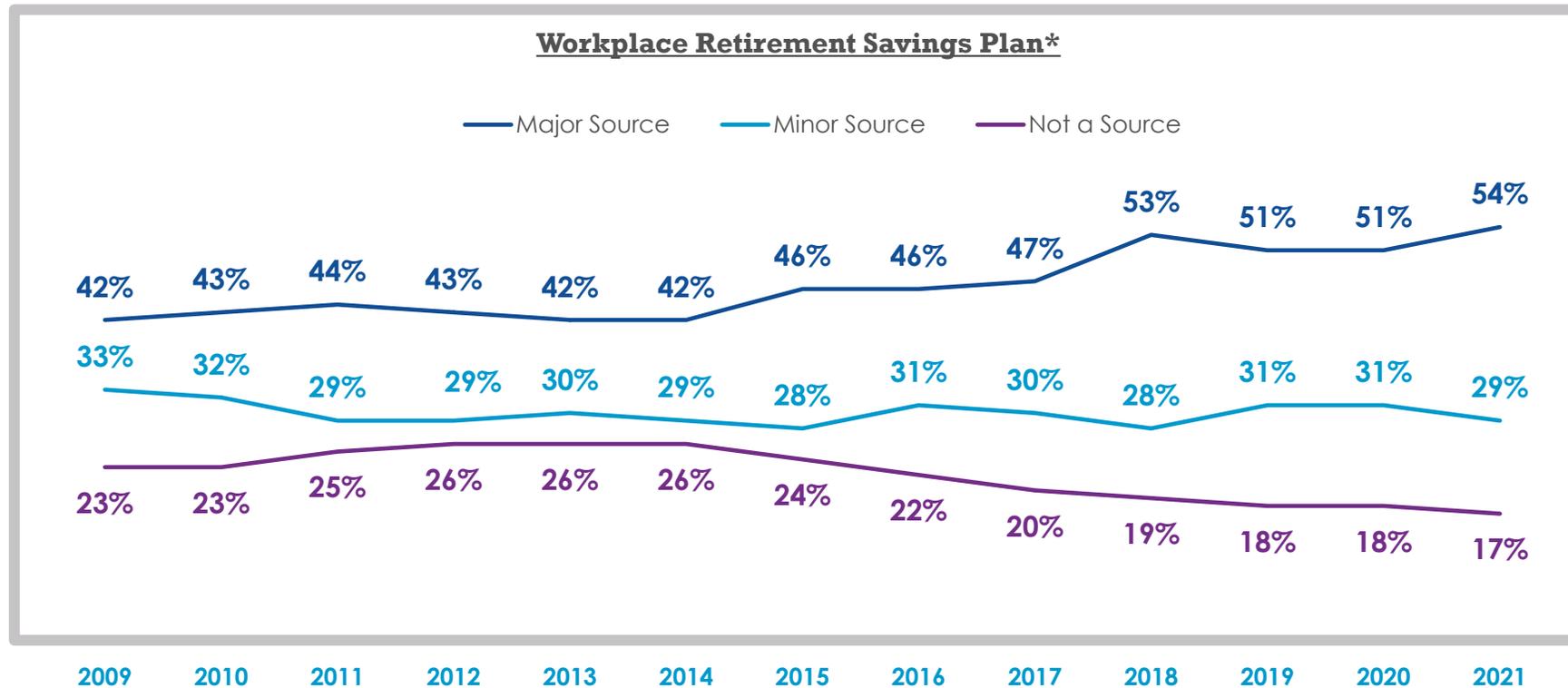
Thinking about your workplace retirement savings plan(s), have you ever...?
Retirees who saved for retirement n=1,082
% Yes



Views on Workplace Retirement Savings Plans as a Source of Income in Retirement among Workers and Retirees

Over 8 in 10 workers expect their workplace retirement savings plan to be a source of income in retirement, including over half who say it will be a major source.

To what extent do you expect each of the following to be a source of income in retirement?
2021 Workers planning to retire n=1,393

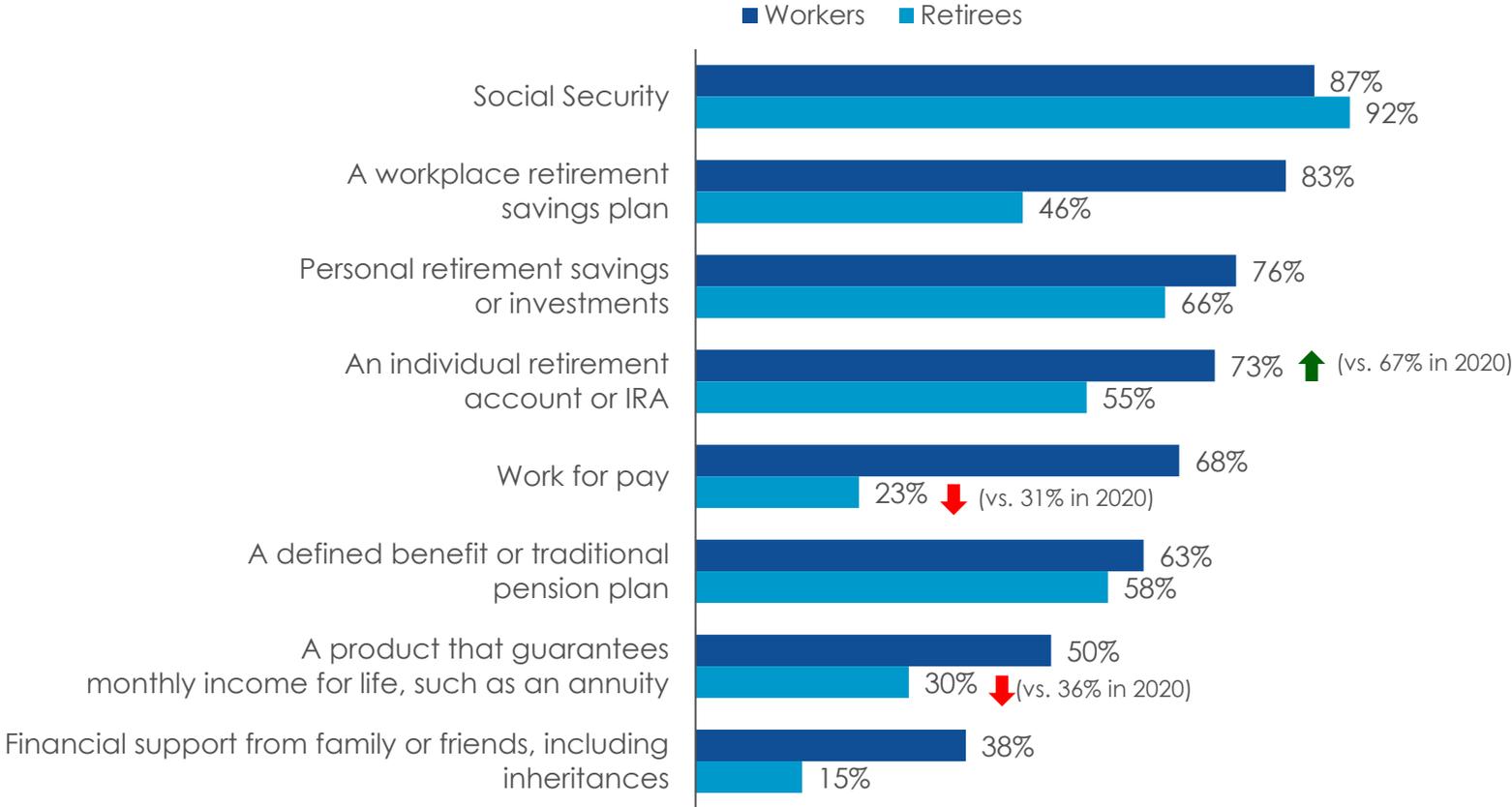


*Previously asked 'Employer-sponsored Retirement Savings Plan'

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=1,393, Retirees n=1,510

Net: Major/Minor Source of Income



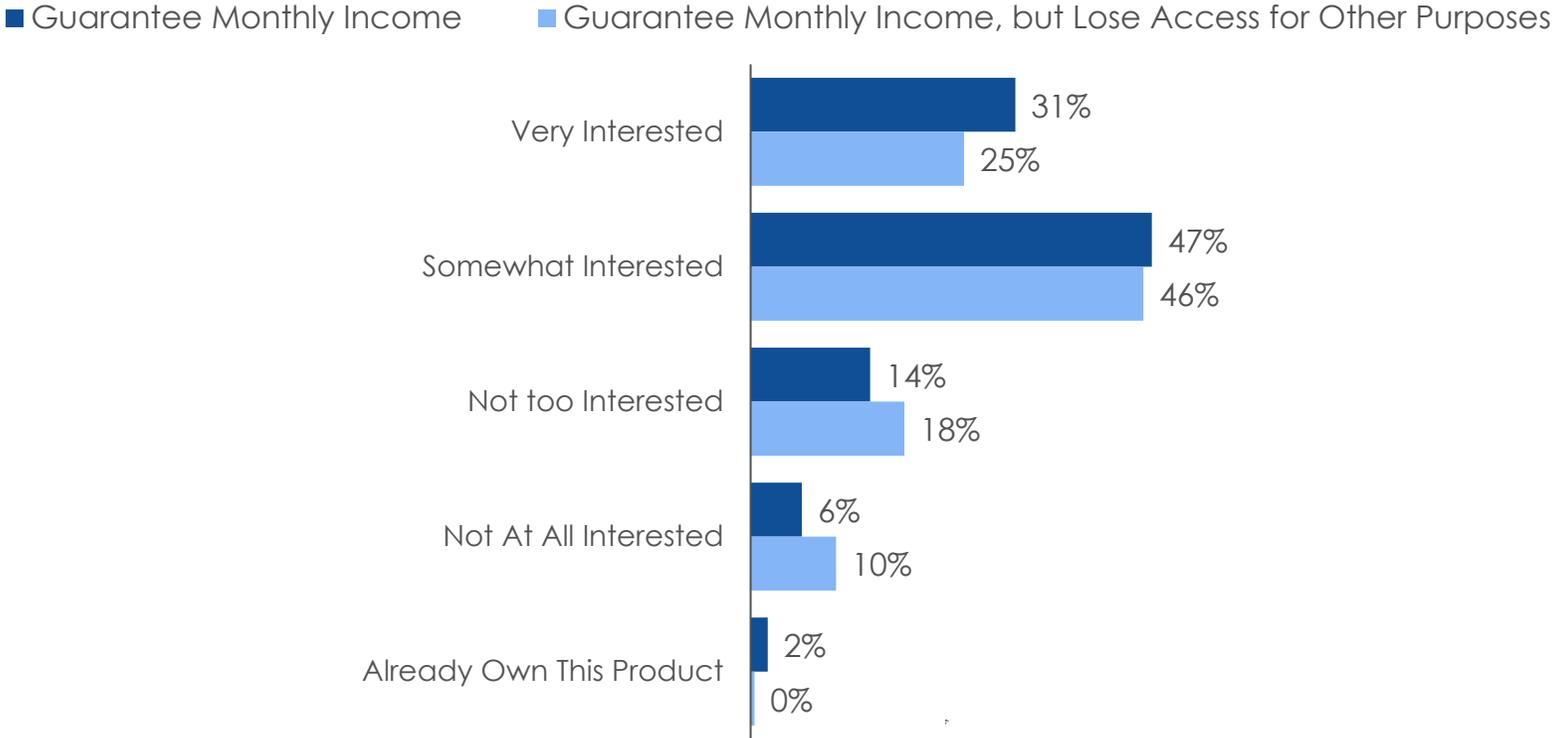
↑ = Up significantly from previous year ↓ = Down significantly from previous year

Opinions on Guaranteed Income / Outcome Oriented Solutions

3 in 4 workers are interested in putting their DC plan savings into a Guaranteed Lifetime Income product, although slightly fewer express interest when it is specified that they would not have access to that money for other purposes.

How interested would you be in putting some or all of your workplace retirement plan savings into an investment option within your plan today [SAMPLE A: that would guarantee you monthly income for life when you retire]/[SAMPLE B: that would guarantee you monthly income for life when you retire, even if choosing this income option meant you would lose the ability to access that money for other purposes]?

Workers participating in DC plan n=744

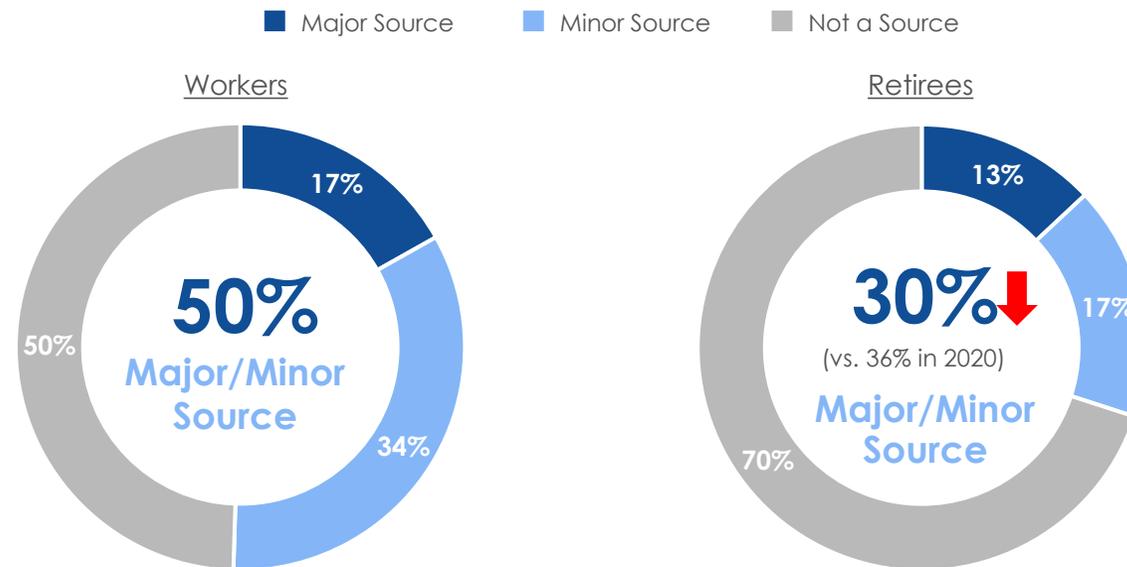


Fewer retirees list a product that guarantees monthly income to be a source of income in their retirement compared to last year.

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=1,393, Retirees n=1,510

A Product That Guarantees Monthly Income For Life, Such As An Annuity



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

Q&A



Upcoming Events

Tuesday, May 25 — Retirees in Profile: Evaluating Five Distinct Lifestyles in Retirement webinar

Wednesday, June 9 — Saving for Health Care in Retirement: How HSAs and 401(k)s Fit Together

Wednesday, June 23 — 2021 RCS: A Closer Look at Black and Hispanic Americans webinar

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It's Time for the After Show!



AFTER SESSION

Q&A

