



Retiree Reflections: Lessons Learned for the Next Generation

EBRI Webinar

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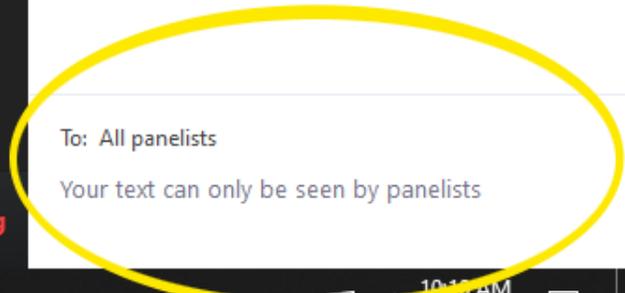
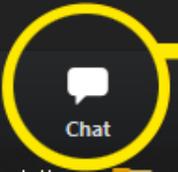
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Retiree Reflections Survey

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- Financial worries: before and in-retirement

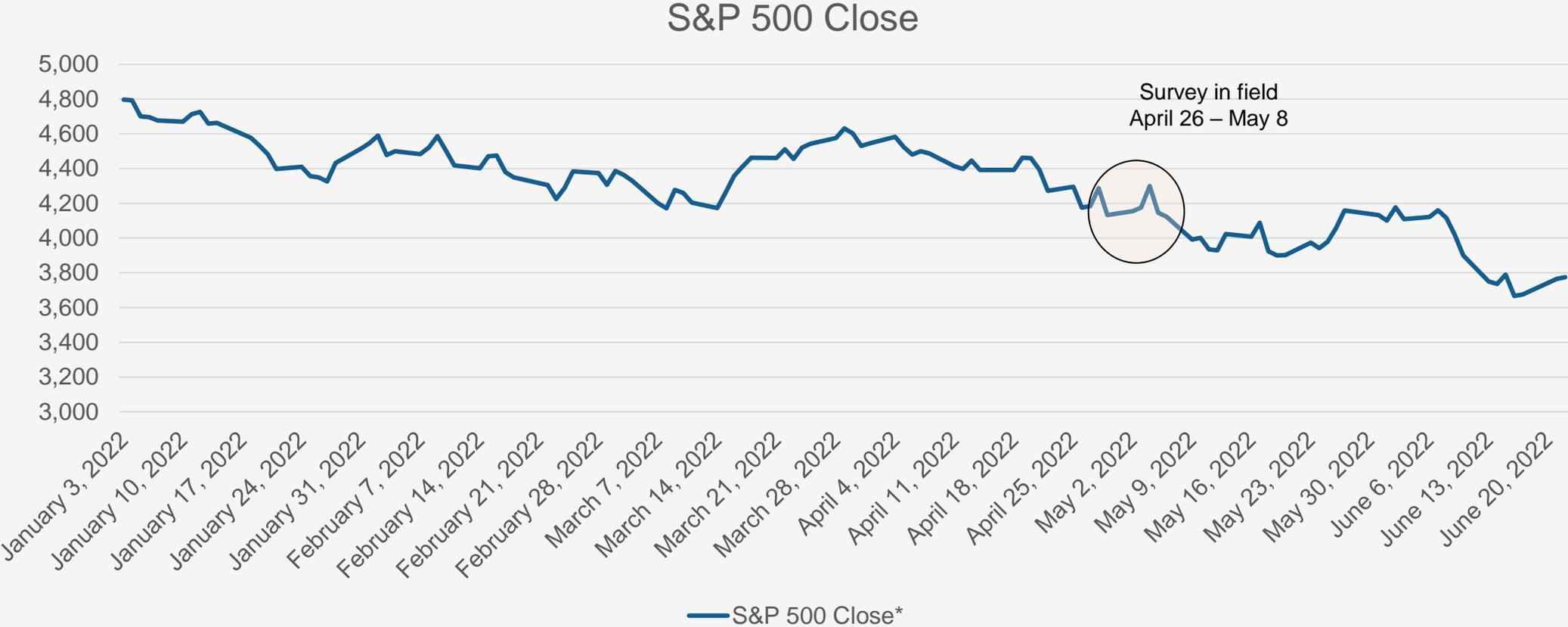
SURVEY BACKGROUND & CONTEXT

Survey Overview

The survey sought to understand use of a financial plan in retirement, financial advisor use/assistance, priorities in retirement, spending concerns in retirement, financial worries preretirement and postretirement, and reflections upon past financial decisions.

Quotas were set on age and gender based on the U.S. Census to be representative of the American population ages 55–80. Data are otherwise unweighted. Unless otherwise indicated, the data represent a sample size of 1,109. At 95 percent confidence, the margin of error is 2.94 percent 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.

Survey Fielding Time: Period Context



KEY FINDINGS

Some key findings

- Current retirees wish they'd saved more and planned earlier for retirement.
- Retirees seem to fare better when they have an advisor.
- Approximately 9 in 10 retirees who used a financial advice professional to create a financial plan were satisfied with their financial professional and felt the value they received from using an advisor outweighed the cost.
- Relative to the transition to retirement, retirees who worked with an advisor on their financial plan reported that the primary benefits were asset-allocation-related
- Few retirees (25 percent) reported that their former employer offered financial planning assistance, potentially reflecting a timing difference or an awareness gap.
- Many retirees don't have a formal financial plan for retirement.
- Inflation is the most frequently cited financial concern during retirement, identified by more than half (54 percent) of current retirees. Also, 1 in 3 retirees remain concerned about health- or medical-related expenses, running out of money, and market volatility.

DESCRIPTION OF SAMPLE

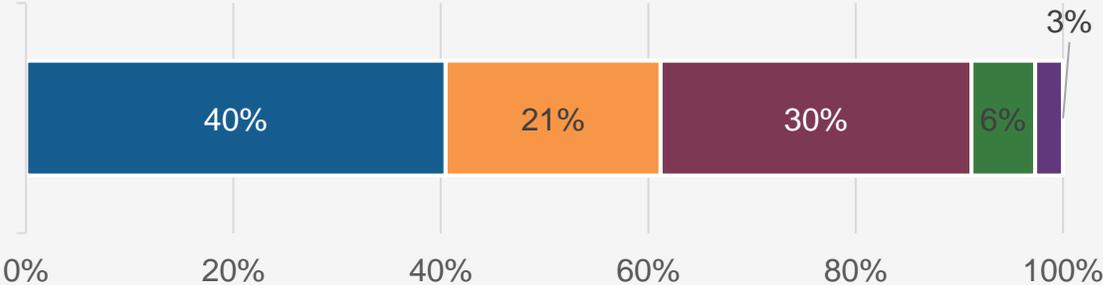
Demographics

Age		
	55-59	19%
	60-64	27%
	65-69	23%
	70-75	19%
	75-80	12%
Gender		
	Male	45%
	Female	55%
Marital Status		
	Married	66%
	Not married, living with a partner	4%
	Divorced or separated	15%
	Widowed	7%
	Single, never married	8%

Financial Assets		
	\$50,000 - \$249,999	44%
	\$250,000 - \$499,000	19%
	\$500,000 - \$999,999	22%
	\$1,000,000 - \$2,999,999	12%
	\$3,000,000 or more	2%
Race		
	White	92%
	Non-white	8%
Education level		
	High school graduate	13%
	College graduate (4-year degree)	27%
	Some college/trade or business school	36%
	Graduate degree or higher	24%
Military status		
	Never served in military	82%
	On active duty in the past, but not now	17%
	Only on active duty for training in the Reserves or National Guard	1%
	Now on active duty	0%

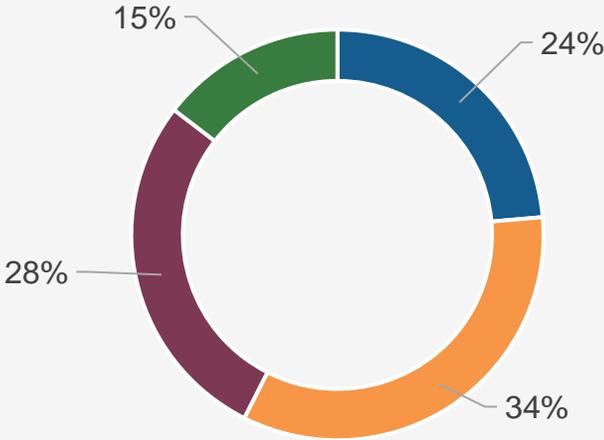
One quarter of sample had Covid-era retirement, about 40% retired from a large employer

Employer Size (among those retired from prior career)



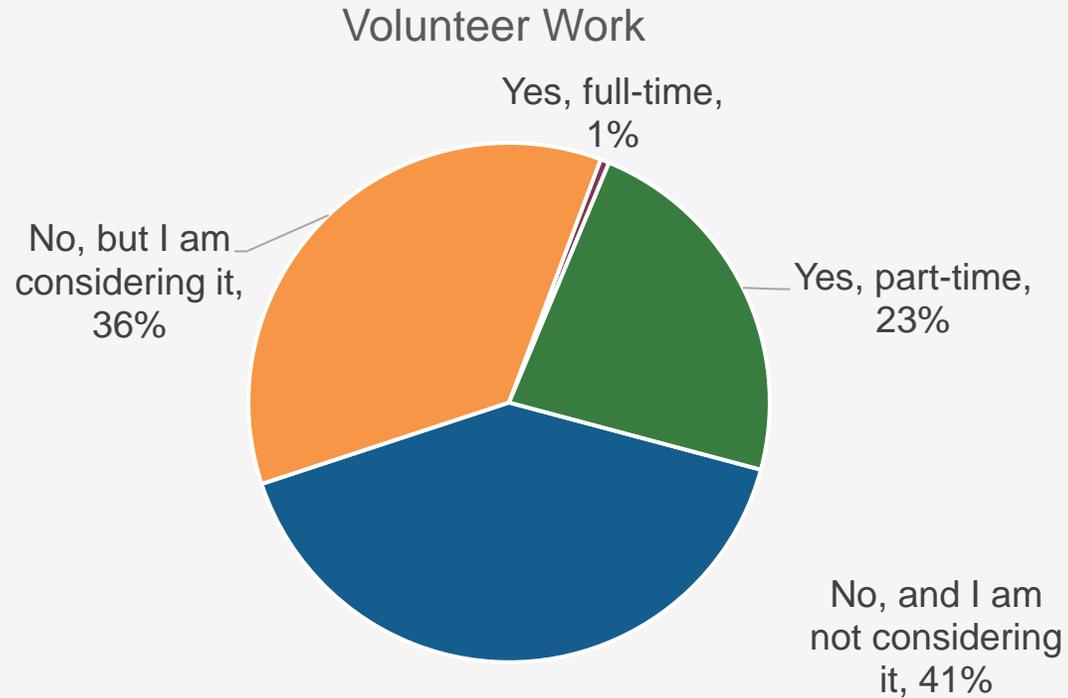
- Large employer: > 5,000 employees
- Mid Size Employer: 501 to 5,000 employees
- Small Employer: <500 employees
- Self-Employed
- Other

Years in retirement



- <=2 years (Covid-era)
- 2.1 -7 years
- 8-15 years
- >15 years

59% of retirees currently do volunteer work or are considering it



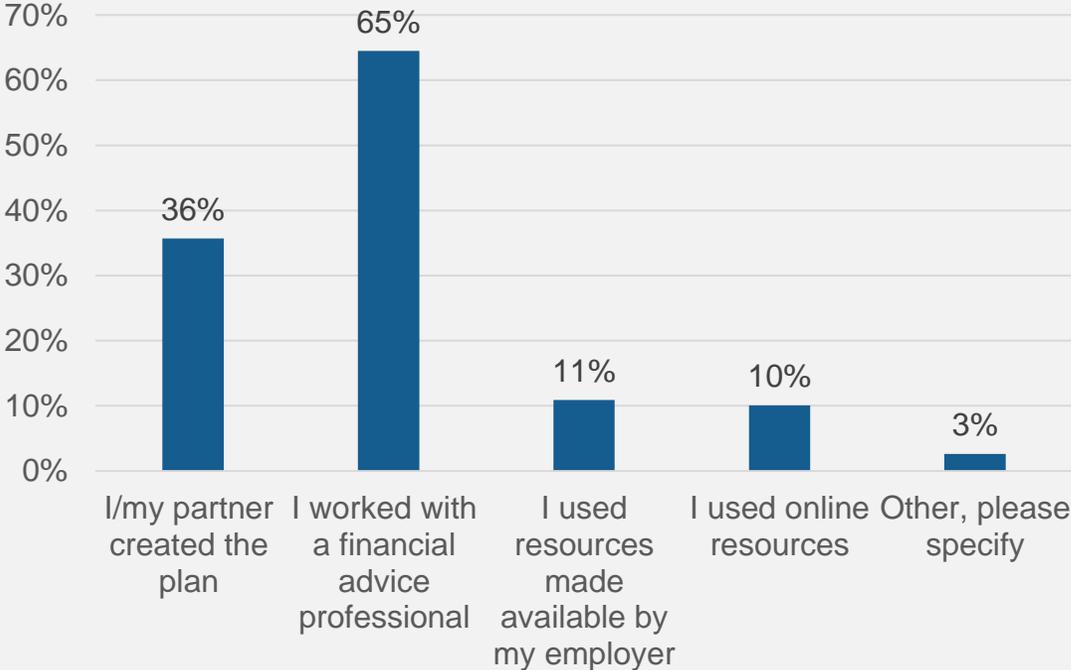
Reflecting the importance of meaningful effort in retirement, 1 in 3 (31 percent) retirees reported actively working in full- or part-time capacities or volunteering.

GOAL SETTING, PLANNING, & ADVISOR USE

The majority have identified financial goals for retirement, yet half don't have a written financial plan

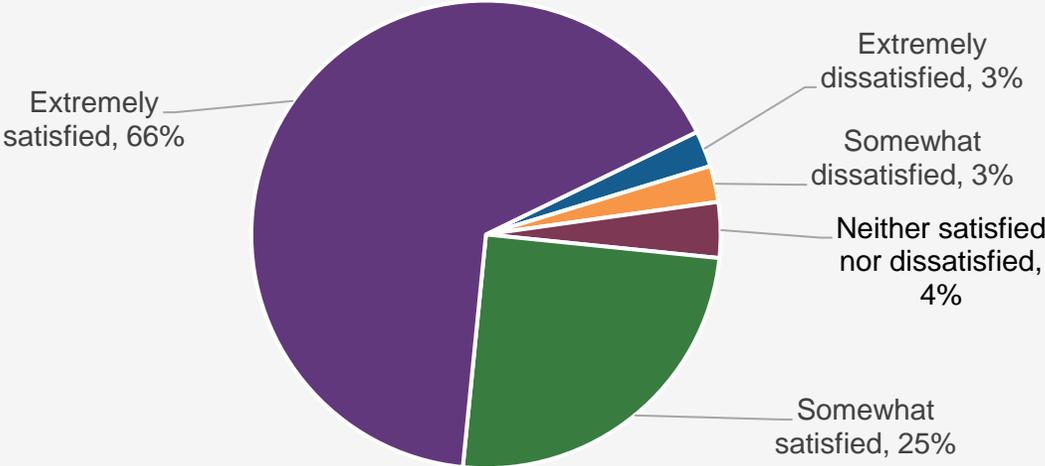
- 4 out of 5 retirees (81%) have identified their financial goals for retirement
- Half (53%) do not have a written financial plan, or strategy
- Among the 45% who have a financial plan, the majority worked with a financial professional
- Another 36% said they created the plan with their partner

How did you build out your written financial plan? (n=496)

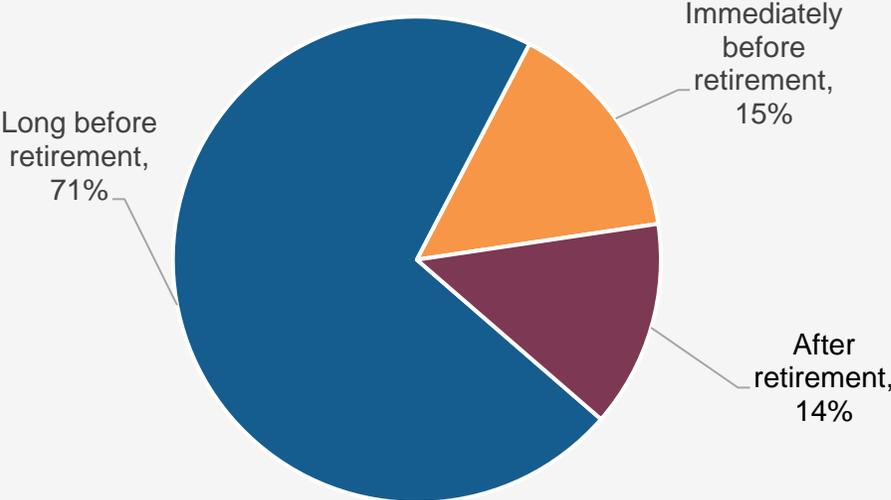


Among those with a financial plan created with advisor, 9 in 10 are satisfied, and their relationships started long before retirement

Satisfaction with Financial Advice Professional (n=320)

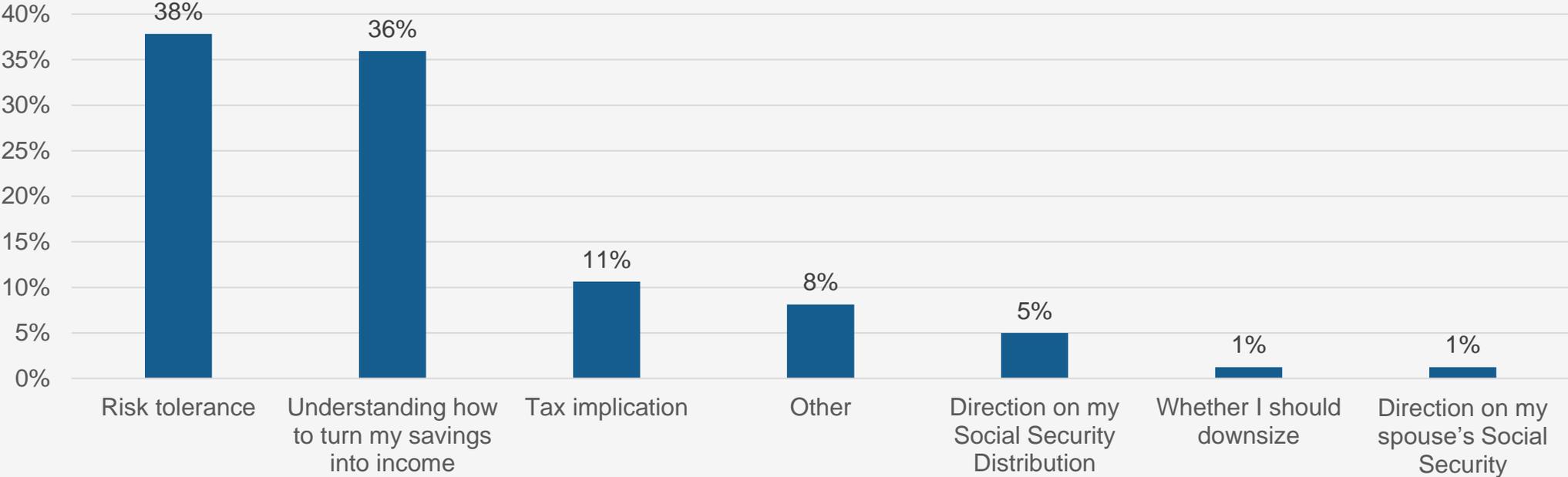


When relationship with Financial Advice Professional started (n=320)



Retirees said financial advisors helped the most with understanding risk tolerance and understanding income stream

Components of transition to retirement retirees feel financial advice professional helped the most with



93% of retirees with a written financial plan said it details their retirement income sources

Among the 1 in 5 who have not set financial goals for retirement, many barriers to identifying goals can be addressed

Why haven't you identified [financial] goals for retirement?

Lack of knowledge

"Because I don't know where to start"
"Don't know who to go to for advice"
"I need help with that"

Procrastination

"I never thought about it."
"I guess I am just postponing it"
"Don't want to think about it."

Spontaneous Nature

"I'm just winging it now"
"I live each day as it comes"
"Like to freestyle"



No perceived need

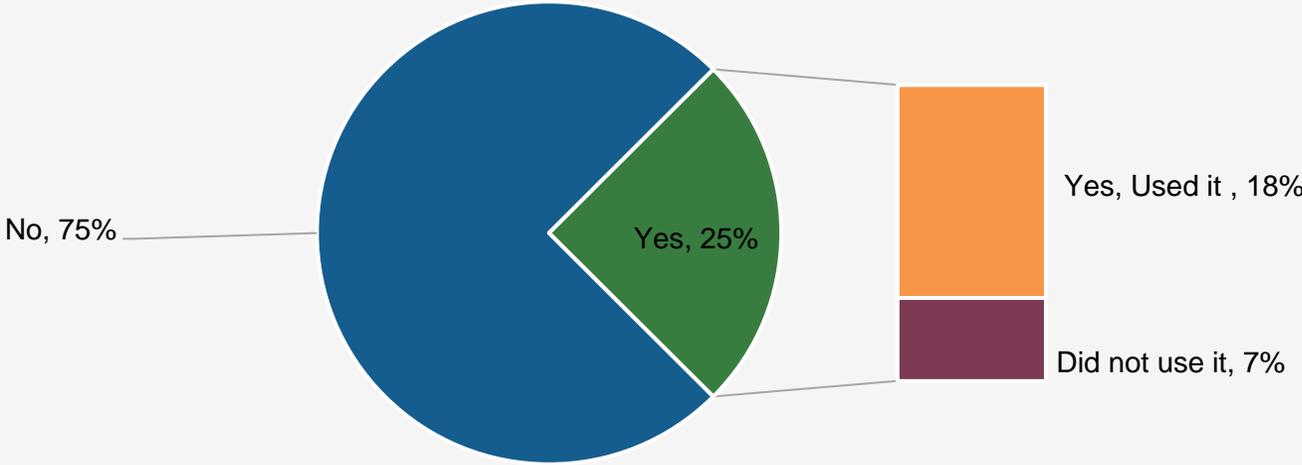
"Don't feel the need, my parents did fine without formal goals."
"There is no huge need"
"It never occurred to me to do so."

Unexpected events

"I had to retire due to health reasons, so I had no time to plan."
"COVID set us back"
"My illness came on fast and really didn't have time to plan."

1 in 4 retirees say they were offered a financial advisory benefit from previous employer

Previous primary employer offered financial advisory benefit



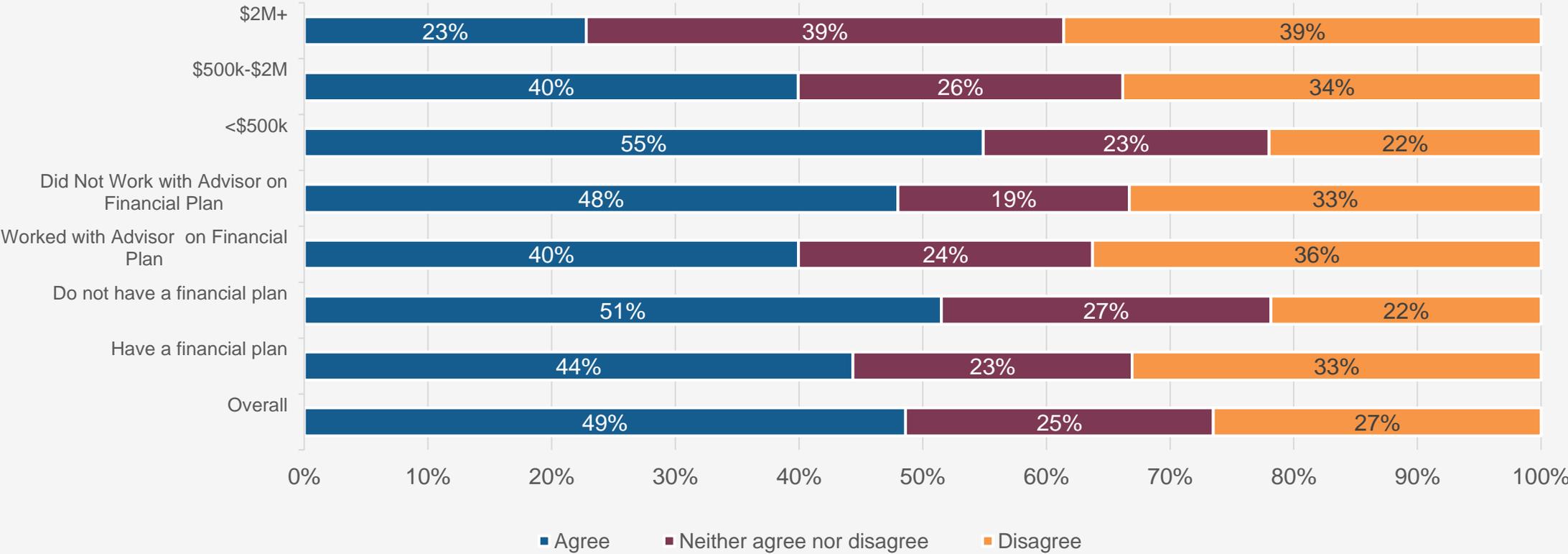
Yet, 64% employers with ≥ 500 employees report to offer employees access to retirement plan representatives and financial advisors either in person, through the phone, or via video calls¹.

¹Copeland, Craig, "2021 EBRI Financial Wellbeing Employer Survey: Focus on COVID-19 and Diversity Goals," EBRI Issue Brief, no. 544 (October 28, 2021).

LOOKING AT PAST FINANCIAL BEHAVIORS

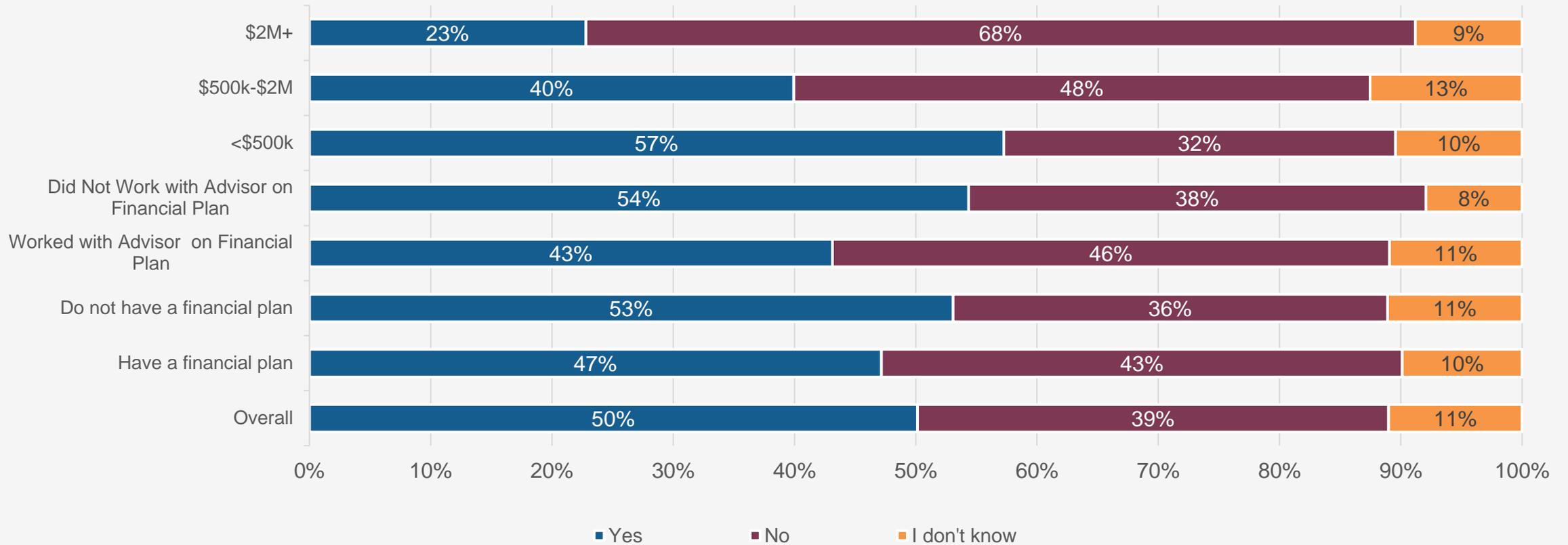
Half of retirees agree that they wish they started planning earlier for retirement, particularly those without a financial plan or those with less financial assets

“I wish I started planning earlier for my retirement”



Looking back half would have changed their financial habits during working years to improve their financial situation

Would you have changed anything about your financial habits to improve your current financial situation?



Among the 50% who would have changed habits, most (72%) say they would have generally saved more or saved earlier

Yet many 'top-of-mind' financial reflections noted spending habits and relationships



Discretionary Spending

"Instead of buying trendy clothes/shoes I should have bought stocks."

"I would have invested in the stock market instead of wasting my money on frivolous purchases"

"I would have cut way back on discretionary expenses, such as taken fewer vacations and saved more money for my retirement."

"I would have bought fewer new cars."

Nearly half (47%) of retirees who didn't work with an advisor said they might have benefitted from speaking with a financial advice professional during their working years.



Children / College

"Would have not helped daughter with college"

"I would have saved less for the kids' college education and more for retirement."



Friends/Others

"Saved more, work more overtime. dump the blood suckers"

"Lend less money to friends who don't pay back"



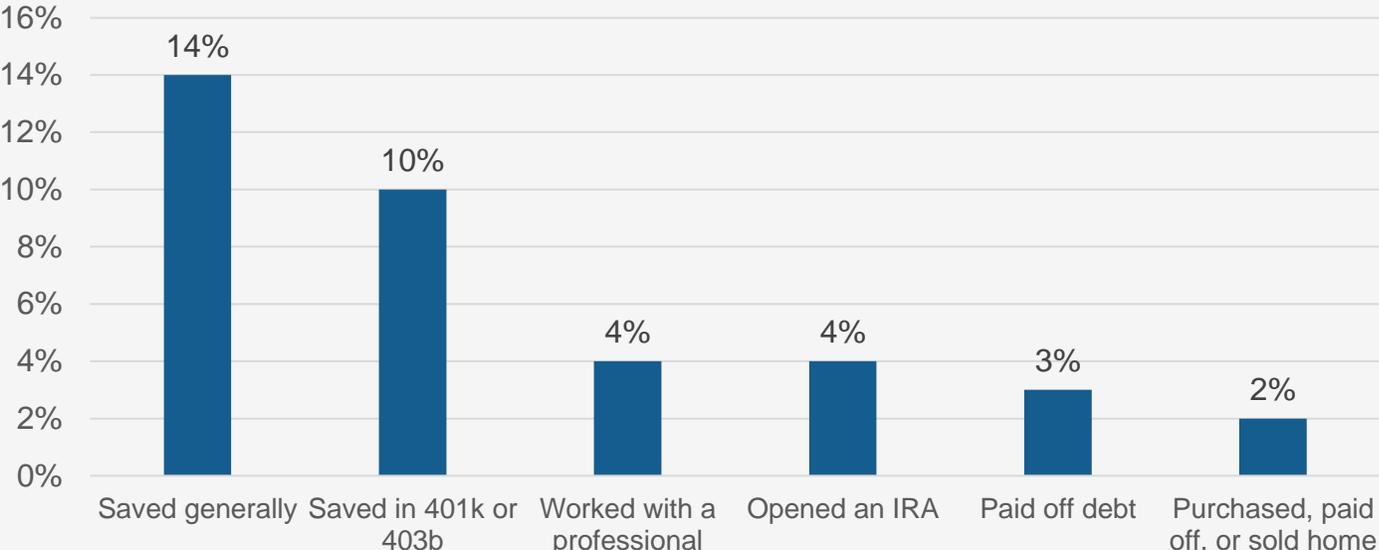
Spouses/Significant Others

"Would have taken credit cards away from my wife. Taken full responsibility for managing family finances."

"Save more, not of suffered a divorce and increase my contribution to retirement"

Not all reflections were about mistakes and regrets, however, as many (40%) would not have changed past financial habits

What is one thing you feel you've done right in your financial preparation for retirement? (n=1,109)

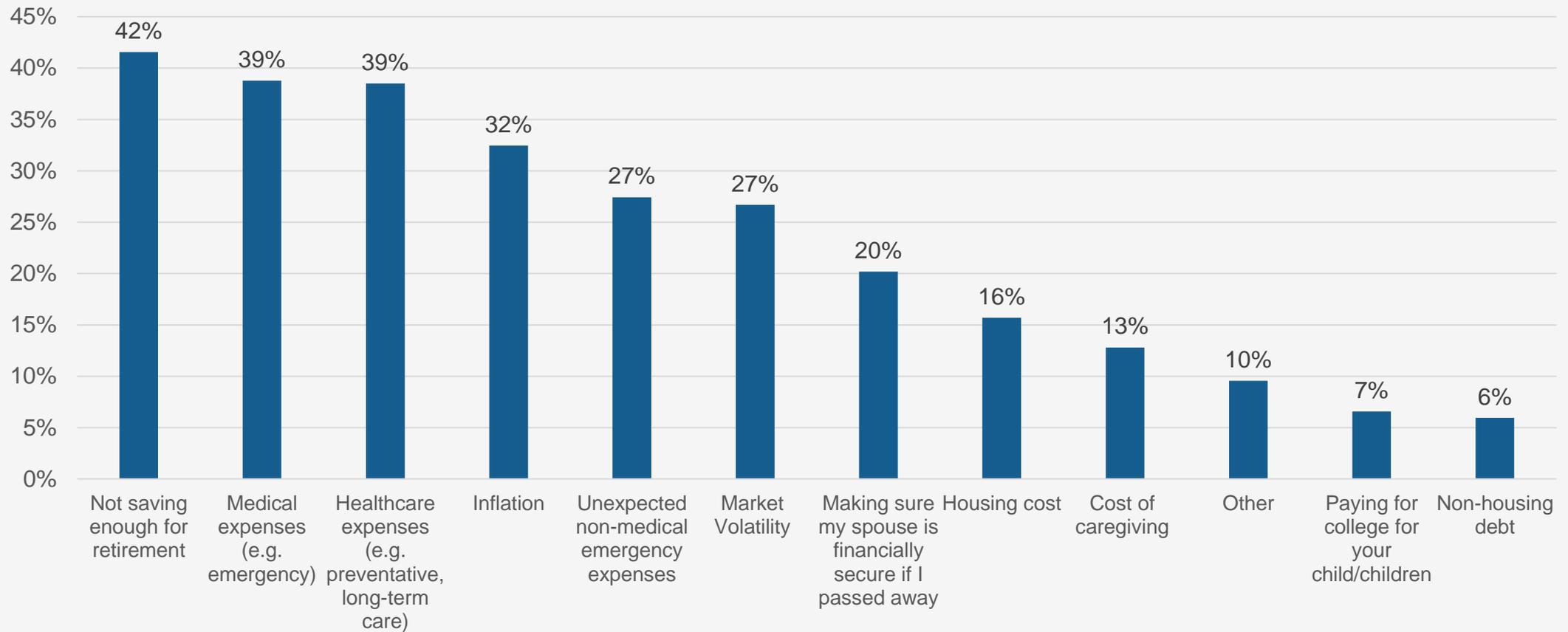


- “Maxed out contributions to my 401(k)”
- “Stuck with an organization with great retirement benefits for 30 years, paid off my mortgage”
- “Planned well enough ahead with the help of a financial advisor.”
- “I started an IRA when I was still in my 30s.”
- “Bought a house for cash that has quadrupled in value.”
- “I started saving for retirement when I started working”
- “Contributed to my 401(k) my whole career (42 years).”

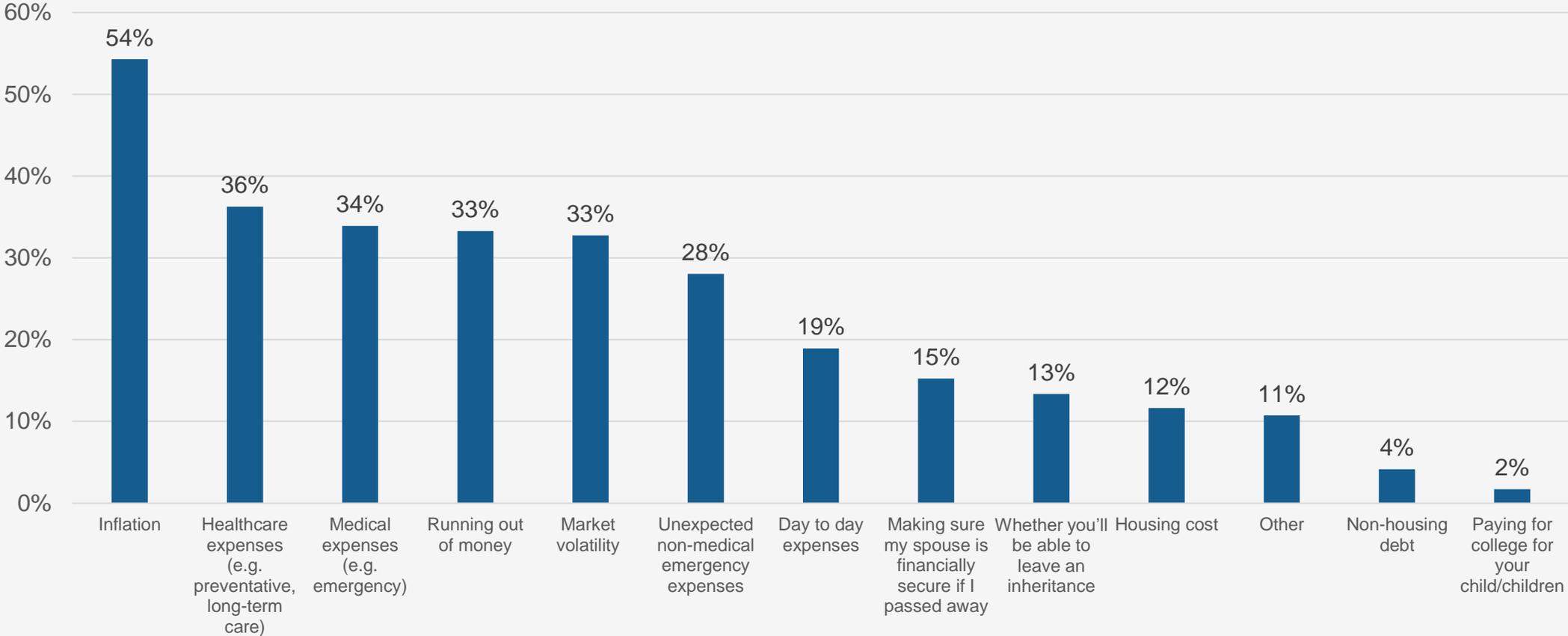
Among those who used a financial advisor on their plan, roughly 9 in 10 (88%) say the value received from their advisor outweighed the cost

FINANCIAL WORRIES: BEFORE AND IN RETIREMENT

Five years before retirement, savings and medical expenses were top worries



Into retirement, inflation is the top worry



Inflation is the most frequently cited ‘top-of-mind’ spending concern



1 in 4 are concerned about inflation

“Inflation is out of control. Everything costing more.”

“Inflation right now is crazy.”

“Prices have increased but income is stagnant.”

“We are generally fairly thrifty, but inflation is eating away at our income.”

“The cost of living that has increased this year. It is the worst that I have ever seen.”

“Inflation and market volatility is depleting my savings....I may need to get a part time job, until my social security kicks in.”

“Inflation is out of control now as compared to when I first retired. Never knew it would be this bad.”

“Inflation and the costs of food and fuel.”



1 in 10 are concerned about everyday spending and budgeting

“I can barely cover my monthly living expenses.”

“Spending too much on bills and not having enough for normal living expenses. “

“Making sure that I stay within my allotted monthly budget.”

“I often wonder if I'm paying enough attention to our spending, and if we should switch providers for our services.”



Again, several note the impact of relationships on finances:

“Really only one thing - the extent to which my wife wants to take vacations - its a little too often and expensive for me to feel comfortable with it.”

“Having to support other family members who did not plan for retirement very well”

“My husband spends more than he should. He doesn't see the big picture”

“When our adult children ask for help with expenses.”

“Saying “No” to my wife or kids.”



Other top of mind concerns emergency expenses and medical expenses

Stephen Rubino, Senior Vice President, Head of Workplace Innovation, Edelman Financial Engines



Demi Hannon, Senior Director, Global Financial Benefits and Well Being, Boeing



Q&A



Upcoming Events

July 21 — Flexible Spending Accounts webinar

December 1 — 2022 Retirement Summit

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Webinar Evaluation



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