

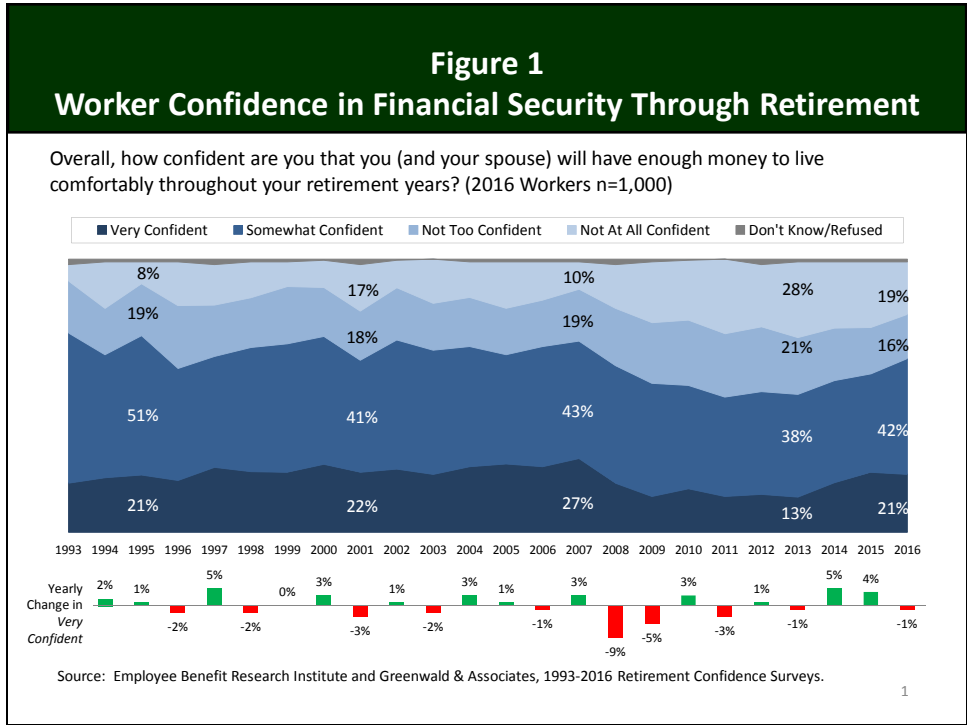
## 2016 RCS FACT SHEET #1

# RETIREMENT CONFIDENCE

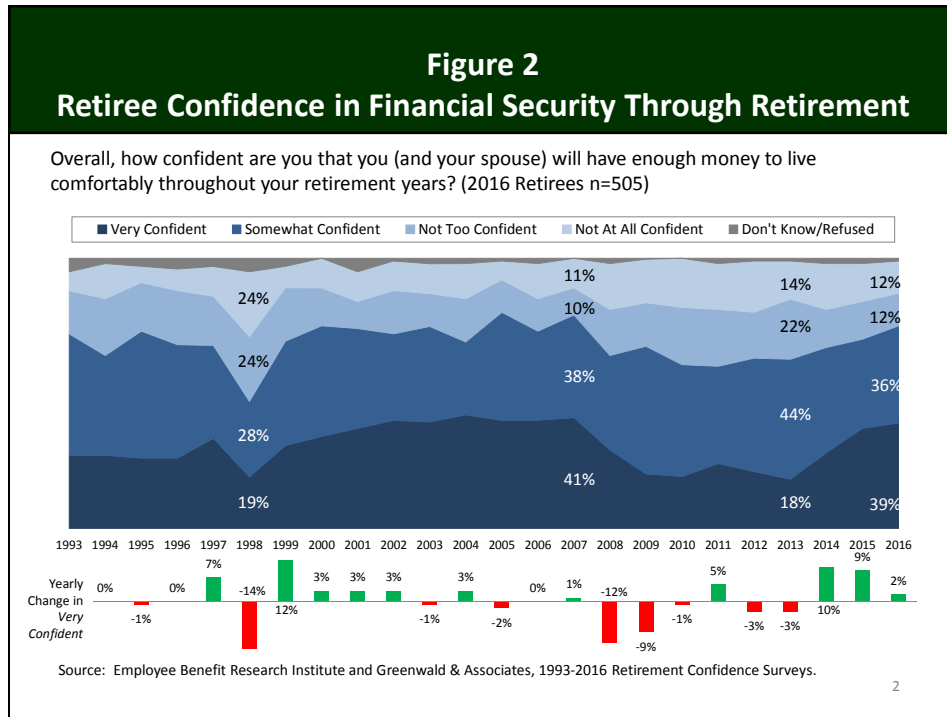
*After record lows between 2009 and 2013, American’s confidence about their ability to secure a financially comfortable retirement increased in 2014 and 2015. What has happened to confidence in 2016?*

### Confidence in Having a Comfortable Retirement

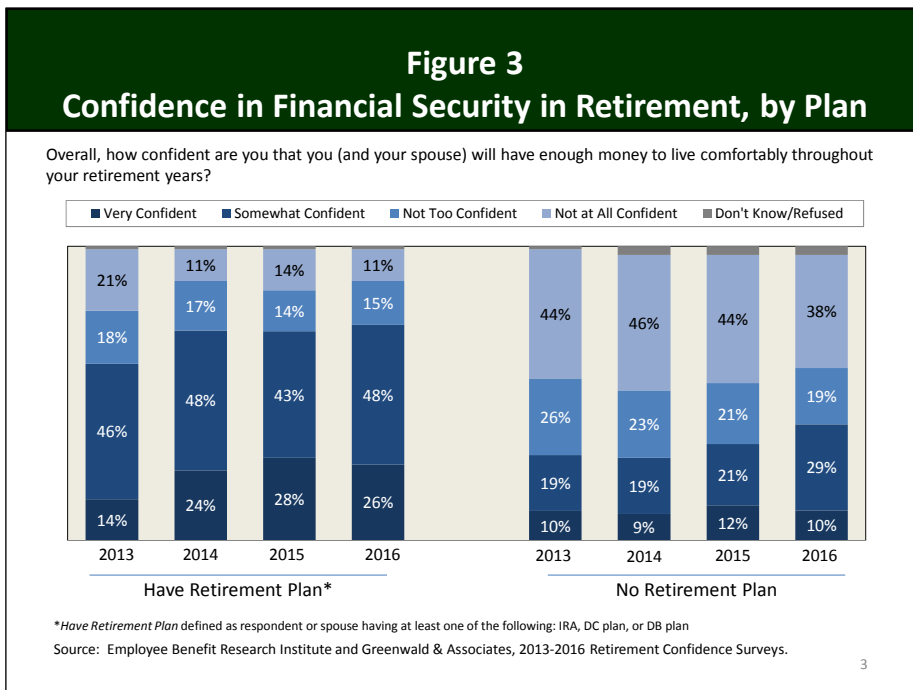
The 2016 Retirement Confidence Survey (RCS) finds that worker confidence about having enough money to live comfortably through retirement has remained relatively stable in 2016. Twenty-one percent of workers are now very confident they will have enough money to live comfortably throughout their retirement years (compared with 22 percent in 2015 and 18 percent in 2014) (Figure 1).



Retiree confidence about having a financially secure retirement has increased. Thirty-nine percent are very confident about having enough money to live comfortably throughout their retirement years (up slightly from 37 percent in 2015 and 28 percent in 2014) (Figure 2).



Retirement confidence is strongly related to retirement plan participation/ownership, whether in a defined contribution (DC) plan, a defined benefit (DB) plan, or an individual retirement account (IRA). Workers reporting they or their spouse have money in a DC plan or IRA or have a DB plan from a current or previous employer are more than twice as likely as those without any of these plans to be very confident that they will have enough money to live comfortably throughout retirement (26 percent with a plan vs. 10 percent without a plan).

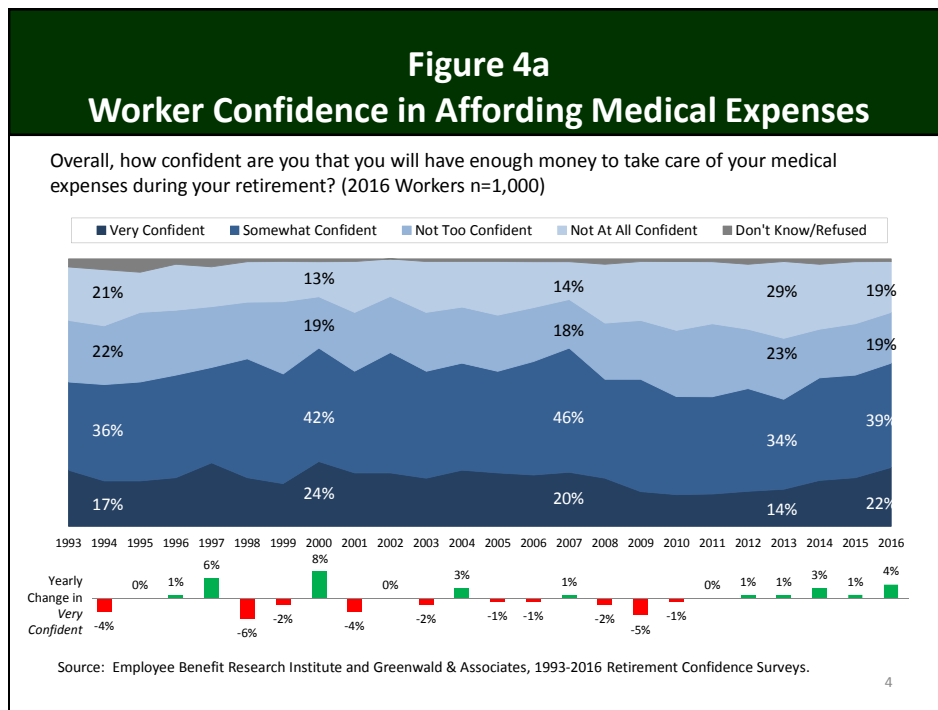


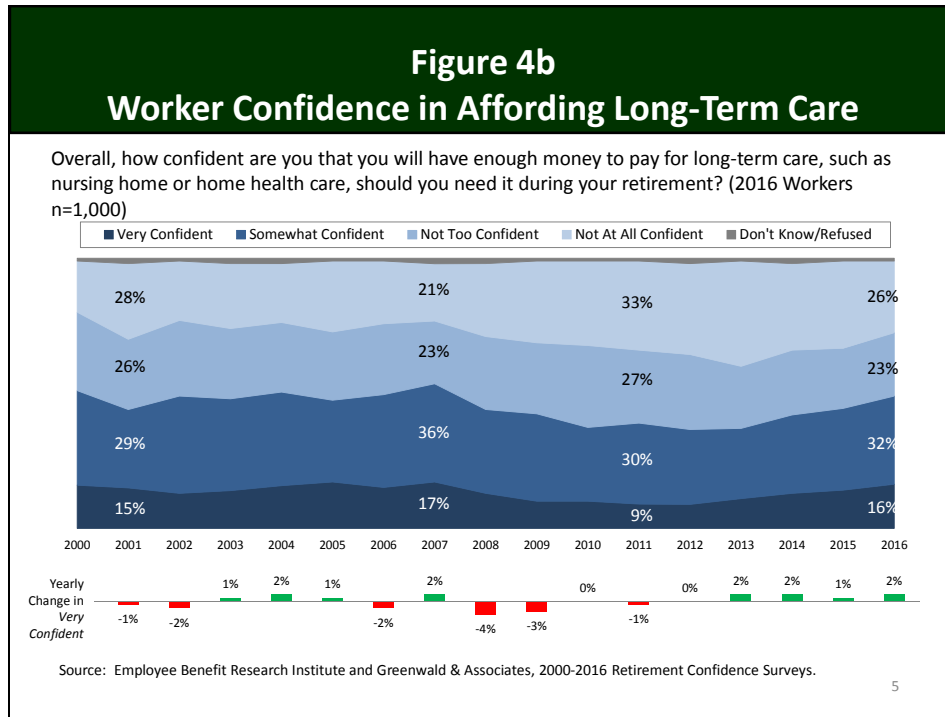
Moreover, the increase in confidence between 2013 and 2016 has occurred primarily among those with a plan. Among those with a plan, the percentage very confident increased from 14 percent in 2013 to 28 percent in 2015 and is back down to 26 percent in 2016. In contrast, the percentage very confident has remained statistically unchanged among those without a plan (10 percent in 2013, 9 percent in 2014, 12 percent in 2015, and 10 percent in 2016). Additionally, workers without a plan are more

than three times as likely to say they are not at all confident about their financial security in retirement (11 percent with a plan vs. 38 percent without a plan) (Figure 3).

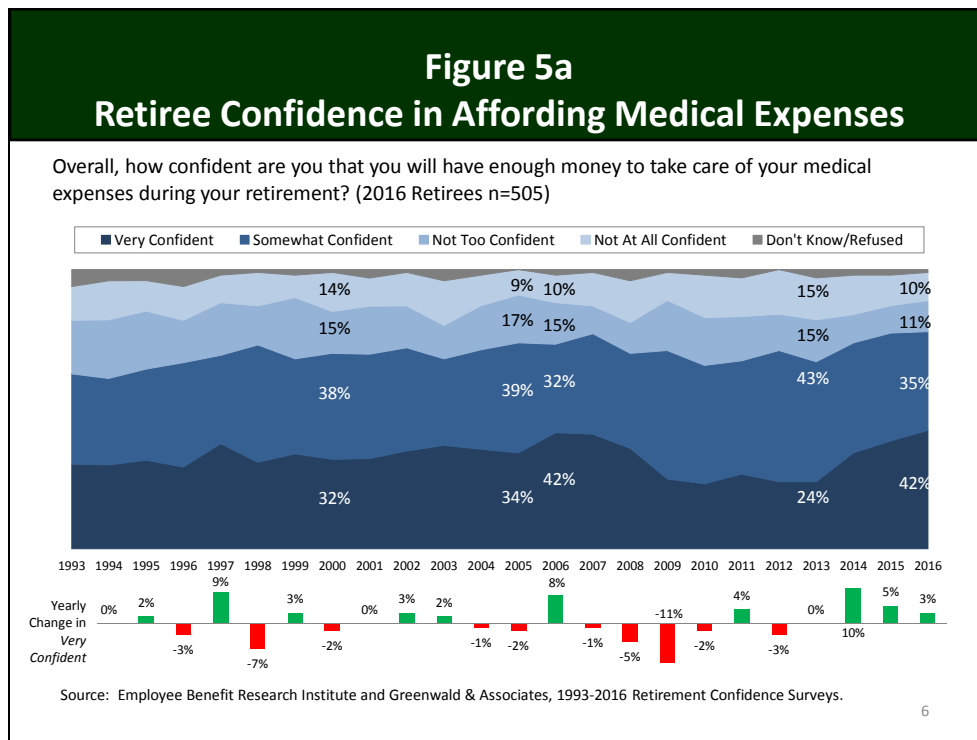
### Confidence in Other Financial Aspects of Retirement

When asked about other financial aspects of retirement, workers express the highest levels of confidence about their ability to pay for basic expenses (43 percent very confident). They are less likely to feel very confident about their ability to pay for medical expenses (22 percent) and least likely to feel very confident about paying for long-term care expenses in retirement (16 percent). Compared with 2015, more workers are feeling very confident about having enough money for basic expenses. However, there has also been a gradual increase since 2012 in worker confidence about paying for medical and long-term care expenses in retirement (Figures 4a and 4b).



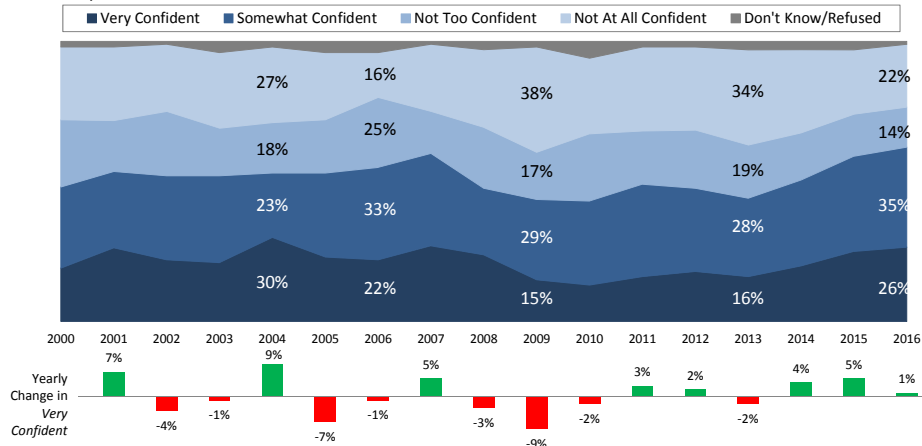


Retiree confidence is also up with respect to having enough money for basic expenses (49 percent very confident vs. 28 percent in 2013). Similarly, the percentage of retirees who are very confident about having enough money to pay for medical expenses has continued to increase, from 24 percent in 2013 to 42 percent this year. The percentage very confident about paying for long-term care expenses also continued its slow increase from 16 percent in 2013 to 26 percent in 2016 (Figures 5a and 5b).



**Figure 5b**  
**Retiree Confidence in Affording Long-Term Care**

Overall, how confident are you that you will have enough money to pay for long-term care, such as nursing home or home health care, should you need it during your retirement? (2016 Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2000-2016 Retirement Confidence Surveys.

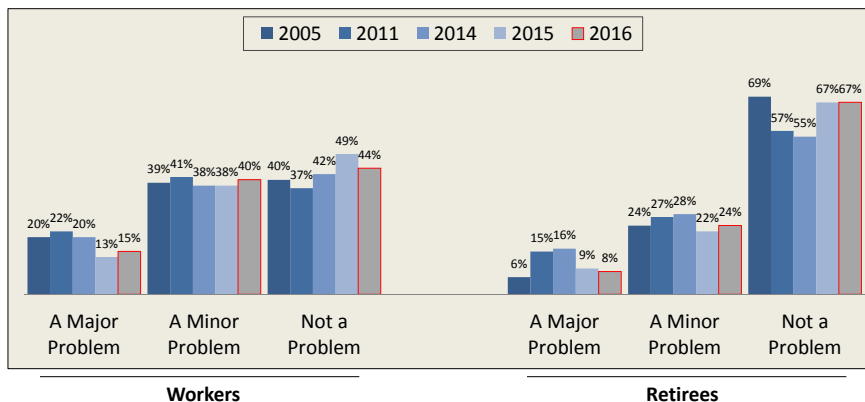
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### Influence of Debt on Confidence

Americans are less likely than in the early years of this decade to describe their debt as a problem. Although down five percentage points since last year, 44 percent of workers say debt is not a problem for them. Same as last year, two-thirds (67 percent) of retirees surveyed report they do not have a problem with debt (Figure 6).

**Figure 6**  
**Problems with Debt Among Workers and Retirees**

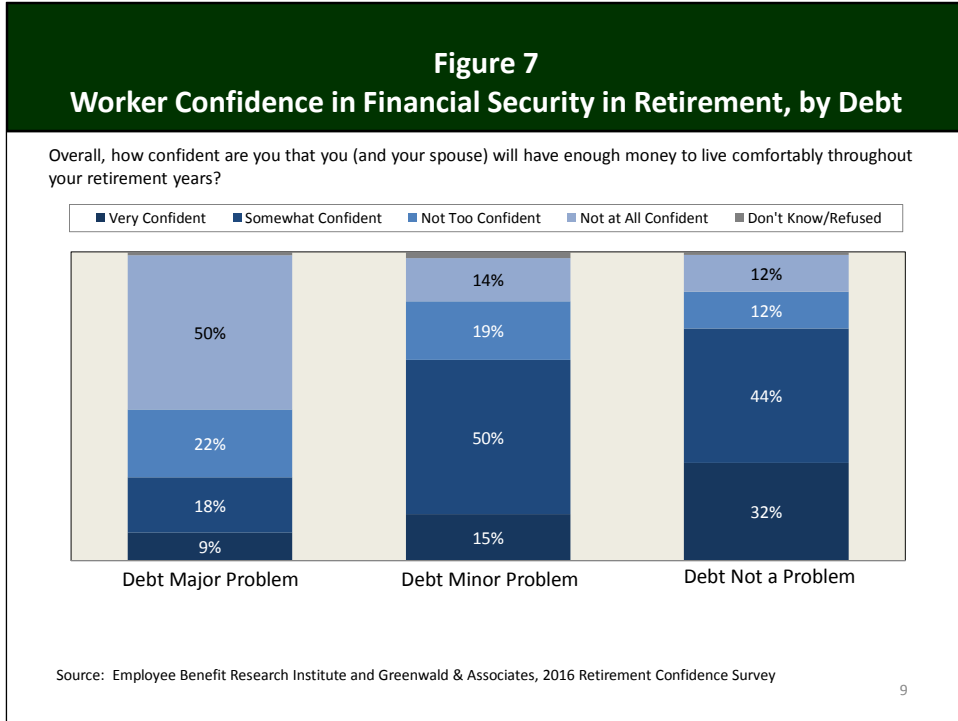
Thinking about your current financial situation, how would you describe your level of debt? (2016 Workers n=1,000; Retirees n=505)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2005-2016 Retirement Confidence Surveys.

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The RCS has consistently found a relationship between the level of debt and retirement confidence. In 2016, just 9 percent of workers who describe their debt as a major problem say they are very confident about having enough money to live comfortably throughout retirement, compared with 32 percent of workers who indicate debt is not a problem. On the other hand, half of workers with a major debt problem are not at all confident about having enough money for a financially secure retirement, compared with 12 percent of workers without a debt problem (Figure 7).



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