

Statement by Stephen Blakely, EBRI
2017 Retirement Confidence Survey
March 21, 2017

Good morning, and thank you for participating in this conference call. I'm Steve Blakely, editor at EBRI. I will provide a brief introduction and overview of the main findings, and then turn it over to Lisa Greenwald of Greenwald and Assoc., one of the co-authors, who will go into a bit more detail. Our comments should last about 10 minutes, at which point we'll open it up for questions. We'll try to wrap up the call by 11:30.

First, about the survey itself: This is the 27th annual Retirement Confidence Survey, making it the longest-running survey of its kind in the nation, canvassing both current workers and retirees. It was conducted from Jan. 6-13, 2017, through online interviews with 1,671 individuals (1,082 workers and 589 retirees) ages 25 and older in the United States. The results have a margin of error of plus or minus 3.0 percentage points for workers and 4.1 percent points for retirees. There is a methodology section at the back of the report if you want more detail.

We also have six RCS fact sheets, dealing with such topics as gender and age differences, changing expectations about retirement, and attitudes about Social Security and Medicare. These can all be found on our website, which has an RCS link box on the home page. If you have any questions after the call, I can be reached at 202/775-6341 and Lisa can be reached at 202/686-2510 x108.

Now about the findings, and I'll start with workers: The 2017 RCS finds that 6 out of 10 American workers feel confident in their ability to retire comfortably. The share of workers reporting that they feel either very or somewhat confident in 2017 was 60% compared with 64% in 2016. This year 18% feel very confident, compared with 21% in 2016.

In 2017, 24% of workers feel *not too* confident and 16% feel *not at all* confident about having enough money to live comfortably throughout their retirement years. The combined percentage of workers who report they are either not too or not at all confident is essentially unchanged from last year. So, while overall confidence is fairly stable, it's clear that fewer people are feeling really confident about retirement.

We also had some questions this year about stress, and got some interesting results. Almost a third of workers (31%) feel very or somewhat mentally or emotionally stressed about preparing for retirement. That compares with less than a quarter (22%) of retirees who recall being mentally or emotionally stressed about retirement before they retired. Stressed workers tend to be a bit older, have lower education and income levels than those not stressed, and are more likely to cite debt as a problem.

Another 30% of workers say they worry about their finances at work, and more than half of those say they'd be more productive if they didn't spend time worrying about it.

The 2017 RCS continues to find that retirement confidence varies sharply between workers who have some sort of retirement plan – that is, a Defined Benefit pension or Defined Contribution 401k-type plan, or an IRA – and those who do not. Those with a retirement plan are more likely to be very confident about their financial prospects in retirement, compared with those who do not have a retirement plan.

Specifically, 23% of workers with a retirement plan are *very* confident about having enough money for a comfortable retirement. But among those *without* a retirement plan, just 8% are very confident. Moreover, 34% of workers *without* a plan are *not* at all confident about having enough money for a comfortable retirement, compared with just 8% of workers *with* a retirement plan.

This dichotomy between those with a retirement plan and those without extends beyond just overall confidence. Those with a plan are more likely than those without to report confidence in paying for specific types of expenses in retirement. For example, just 28% of those *without* a retirement plan are very or somewhat confident about their ability to pay for their medical expenses in retirement, while for those with a retirement plan, 64% are very or somewhat confident about paying for these expenses.

Why is it that workers *without* a retirement plan are *so much less* confident than those *with* these plans? Well, one reason is that workers with a plan are simply more likely to save for retirement. Eighty percent of workers with a plan compared with just 11% without a plan say they have personally saved money for retirement.

And the total investable assets reported by *those without* a plan indicates just how precarious their situation is. Two-thirds of workers without a retirement plan indicate that they have less than \$1,000 in total savings and investments, not including any equity in their primary home. Another 17% have saved between \$1,000 and \$10,000. This means that less than 20% of workers without a retirement plan have non-housing assets of \$10,000 or more. It's no wonder that *three-quarters* (33% plus 45% don't know) of those without a plan think they will need to wait until at least age 70 to retire, to not retire at all, or don't know when they will retire. That compares with fewer than half—46%—of those who have a retirement plan.

So what about retirees? Retiree confidence being either very or somewhat confident about having enough money for a comfortable retirement, which has historically been higher than worker confidence, reached 79% in 2017 up from 75% in 2016.

But just like workers, retirees with some type of retirement plan are more likely to be very confident about being able to maintain a comfortable lifestyle throughout retirement. 39% of retirees *with a plan* are *very* confident, compared with 11% *without a plan*. Only 11% who have a plan are *not at all or not too* confident, compared with 54% without a plan.

Again, this reflects a very large difference in the financial assets owned by retirees with and without a retirement plan. *Three-quarters* of retirees without a retirement plan have non-housing assets totaling less than \$10,000, providing them with almost no cushion for emergencies beyond any equity they may have in their home. In contrast, only 15% of retirees with a retirement plan report this low level of assets.

So the results of the 2017 Retirement Confidence Survey show that retirement confidence is *much lower* for Americans without any type of retirement plan than those with a plan. For these Americans without a plan, achieving a financially secure retirement is highly unlikely, and not surprisingly, they are feeling stressed about it.

I'll now turn it over to Lisa Greenwald.