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Issue BRIEF

The 2017 Retirement Confidence Survey: Many Workers Lack Retirement Confidence and Feel Stressed About Retirement Preparations

By Lisa Greenwald, Greenwald & Associates; and Craig Copeland, Ph.D., and Jack VanDerhei, Ph.D., Employee Benefit Research Institute

A T A G L A N C E

The 27th wave of the Retirement Confidence Survey (RCS), the longest-running survey of its kind in the nation, finds that the share of American workers who are *very* confident in their ability to afford a comfortable retirement remains low, and some workers report that preparing for retirement is emotionally or mentally stressful. However, among retirees, confidence in their ability to afford a comfortable retirement continues to be comparably high.

Findings in this year's RCS include:

- Six out of 10 American workers feel very or somewhat confident about having enough money for a comfortable retirement, though just 18 percent feel very confident. The share of workers reporting that they feel either very or somewhat confident has declined compared with last year (60 percent from 64 percent in 2016). Worker confidence now resembles levels measured in 2015 (when 59 percent were either very or somewhat confident).
- In addition to lacking confidence, 3 in 10 workers report that preparing for retirement causes them to feel mentally or emotionally stressed. These stressed workers feel less financially secure and are far less confident about having enough money for a comfortable retirement than those who do not feel stressed.
- Another 3 in 10 workers say that they worry about their personal finances while at work (30 percent). More than half of these workers believe they would be more productive at work if they didn't spend time worrying. Among all workers, about half say that retirement planning (53 percent), financial planning (49 percent), or health care planning (47 percent) programs would be helpful in increasing their productivity at work.
- Retiree confidence in having enough money for a comfortable retirement continues to exceed worker confidence levels. Seventy-nine percent of retirees report feeling either very or somewhat confident about having enough money to live comfortably throughout their retirement years, including one-third of retirees who feel very confident (32 percent).
- Workers who have a retirement plan, whether a defined contribution plan, defined benefit plan, or IRA, are far more likely to feel confident about having enough money for retirement. Indeed, they have saved more than those without a plan, have taken more steps to prepare for retirement, and feel less stressed about retirement preparations.
- Nearly 3 in 4 workers (73 percent) not currently saving for retirement say they would be at least somewhat likely to save for retirement if contributions are matched by their employer. Approximately two-thirds of non-saving workers say they would be likely to save for retirement if automatic paycheck deductions with the option of changing or stopping them, at either 3 percent or 6 percent of salary, were used by their employer.

Lisa Greenwald is an assistant vice president for Greenwald & Associates. Craig Copeland is senior research associate at the Employee Benefit Research Institute (EBRI). Jack VanDerhei is the research director at EBRI. This *Issue Brief* was written with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the authors and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

In Memoriam

The authors would like to acknowledge the longtime contributions of Ruth Helman, research director at Greenwald & Associates, who passed away earlier this year. Ruth was a brilliant researcher and colleague. Her constant stewardship of the RCS and her attention to detail enhancing the reputation of this survey will be dearly missed.

Methodology Note: This year, the RCS utilized GfK's national, probability-based, online KnowledgePanel® in lieu of the traditional, random-digit-dial landline telephone and cellphone supplement used in prior waves. To examine the impact of methodological change, a small phone survey was conducted for comparison. An analysis of results revealed a successful migration to online data collection based on largely stable, explainable results. However, users of this survey data should keep the following in mind, and use caution, when comparing this year's data to prior waves: (1) Online respondents have a greater tendency to use the midpoints of a scale. For example, fewer online respondents select *very confident* and more often select *somewhat confident*; (2) Online respondents are notably more likely select the "don't know" response; (3) The greater anonymity of an online survey allows respondents to provide more honest, less flattering responses resulting in fewer reporting socially desirable or acceptable behaviors. (See section on RCS Methodology for more.)

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The 2017 Retirement Confidence Survey: Many Workers Lack Retirement Confidence and Feel Stressed About Retirement Preparations

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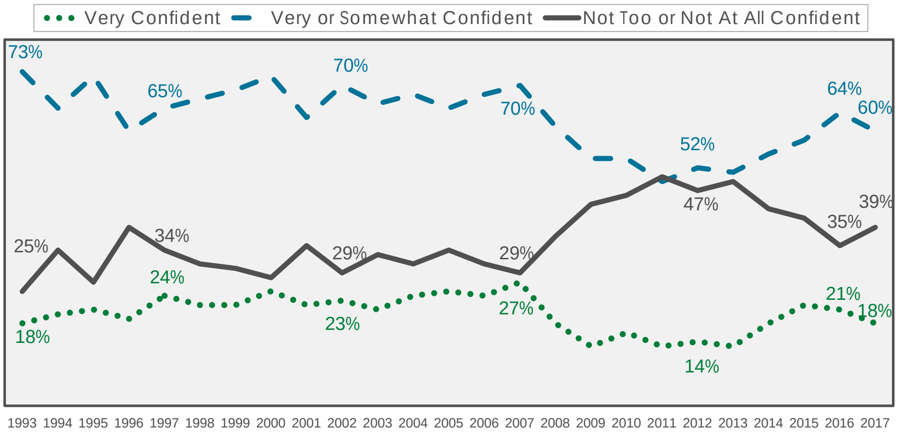
Overall Retirement Confidence

The 27th annual Retirement Confidence Survey (RCS), the longest-running survey of its kind in the nation, finds that 6 in 10 American workers feel confident in their ability to retire comfortably, though few (18 percent) feel very confident. The share of workers reporting that they feel either very or somewhat confident has declined compared with last year (60 percent from 64 percent in 2016). Specifically, the percentage of workers who feel very confident has declined (18 percent from 21 percent), while the percentage feeling somewhat confident has remained level (42 percent in 2017 and 42 percent in 2016). Worker confidence now resembles levels measured in 2014 (the last time 18 percent were very confident) and levels measured in 2015 (when 59 percent were either very or somewhat confident). Nearly one-quarter of workers feel not too confident (24 percent) and 1 in 6 (16 percent) feel not at all confident about having enough money to live comfortably throughout their retirement years. The percentage of workers who report they are either not too or not at all confident is statistically comparable to levels measured last year (39 percent in 2017 and 35 percent in 2016) (Figure 1).

Figure 1
Worker Confidence About Having Enough Money For a Comfortable Retirement

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (2017 Workers n=1,082)

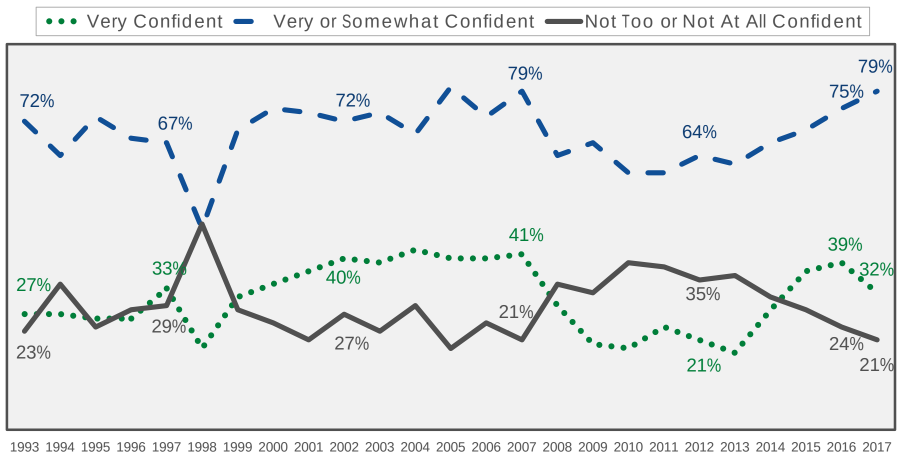


Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2017 Retirement Confidence Surveys.

The level of confidence expressed by those already in retirement continues to be greater than confidence levels expressed by those yet to retire. Retiree confidence about having enough money for a comfortable retirement remains high. Seventy-nine percent of retirees report feeling either very or somewhat confident about having enough money to live comfortably throughout their retirement years (compared with 75 percent in 2016). One-third of retirees feel very confident (32 percent), while 8 percent say they are not at all confident (Figure 2).

Figure 2
Retiree Confidence About Having Enough Money For a Comfortable Retirement

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (2017 Retirees n=589)

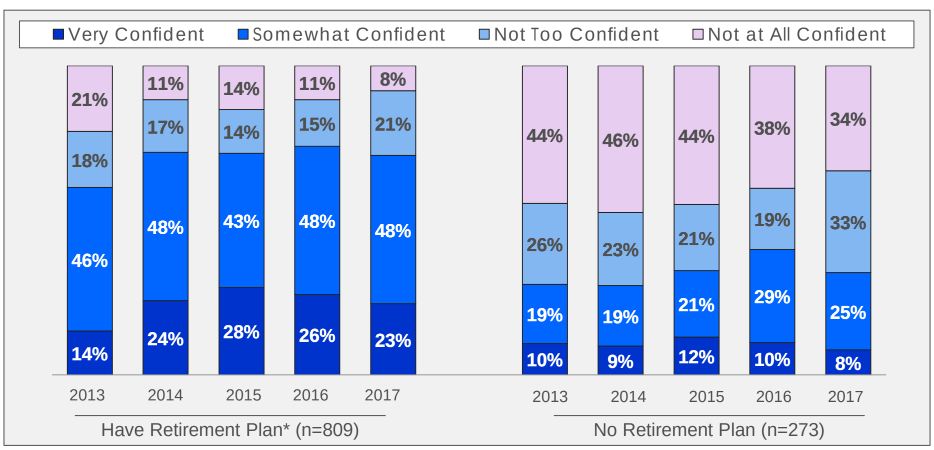


Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2017 Retirement Confidence Surveys.

Retirement confidence continues to be strongly related to retirement plan participation, whether in a defined contribution (DC) plan, defined benefit (DB) plan, or individual retirement account (IRA). Workers reporting they or their spouse have money in a DC plan or IRA or have benefits in a DB plan from a current or previous employer are more than twice as likely as those without any of these plans to be at least somewhat confident (71 percent with a plan vs. 33 percent without a plan) (Figure 3).

Figure 3
Retirement Confidence by Plan vs. No Plan

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (Workers)



**Have Retirement Plan* defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan

Source: Employee Benefit Research Institute and Greenwald & Associates, 2013–2017 Retirement Confidence Surveys.

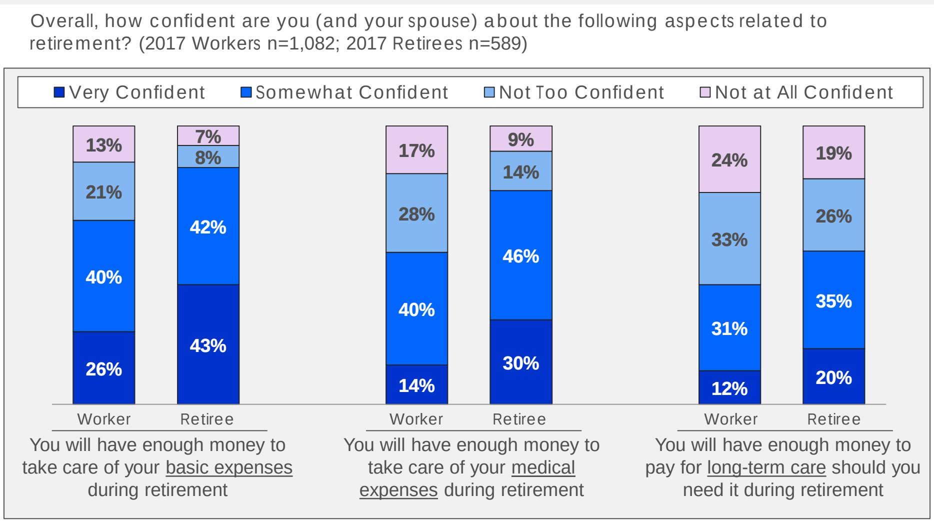
Confidence in Other Financial Aspects of Retirement

In addition to overall retirement confidence, sizable minorities of workers report feeling not too or not at all confident in other aspects of retirement. This year, 65 percent of workers report feeling very or somewhat confident about being able to afford basic expenses in retirement. The corresponding percentage of workers who feel not too or not at all confident about having enough money for basic expenses in retirement is one-third (34 percent). Workers' confidence in their ability to afford basic expenses remains higher than the confidence they report regarding their ability to pay for medical expenses in retirement.

Forty-five percent of workers are not too or not at all confident they will have enough money for medical expenses in retirement. An even greater share are not too or not at all confident in their ability to pay for long-term care (LTC) expenses in retirement. Nearly 6 in 10 do not feel confident about having enough money for long-term care expenses (57 percent) (Figure 4).

Retirees, who are already in that life stage, express higher levels of confidence than workers in each of these financial aspects of retirement. More than 4 in 5 retirees (85 percent) feel at least somewhat confident in their ability to afford basic expenses throughout their retirement years, while 15 percent say they are not too or not at all confident. Similarly, the percentage of retirees who are very or somewhat confident about having enough money to cover medical expenses is high (77 percent) compared to workers. Still, roughly 1 in 5 retirees are not too or not at all confident in their ability to pay for medical expenses (23 percent). Retirees appear most uncertain about their ability to pay for long-term care. Nearly half report feeling not too or not at all confident in their ability to pay for long-term care, such as a nursing home or home health care, should they need it during retirement (45 percent) (Figure 4).

Figure 4
Confidence in Other Financial Aspects of Retirement



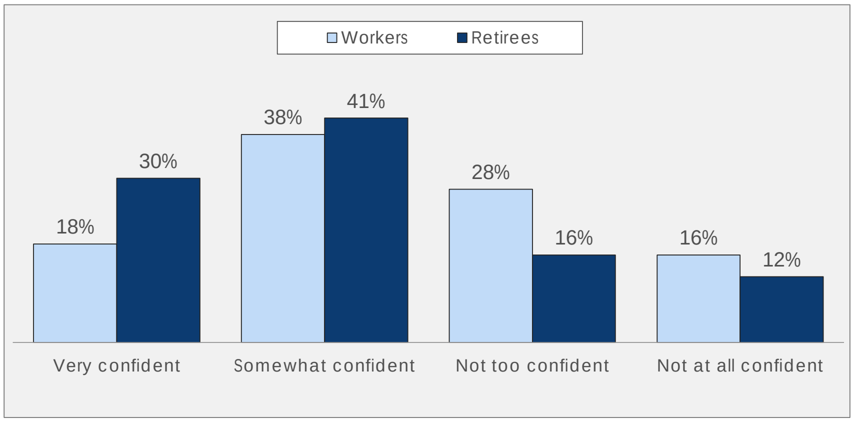
Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Stress About Preparing for Retirement

Only about half of all workers are very or somewhat confident that they are doing a good job of preparing financially for retirement (56 percent), including just 18 percent who feel very confident that they are doing a good job. Retirees tend to be more confident in their retirement preparations, as 71 percent are very or somewhat confident that they did a good job preparing (Figure 5).

Figure 5
Worker and Retiree Confidence in Doing a Good Job Preparing for Retirement

Overall, how confident are you that you are doing/did a good job of preparing financially for your retirement? (2017 Workers n=1,082; 2017 Retirees n=589)

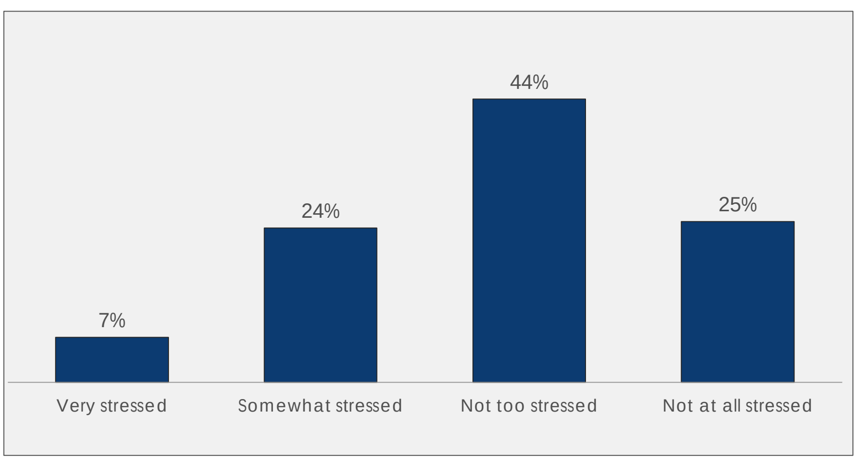


Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Preparing for retirement is stressful for some workers, as 3 in 10 workers report feeling very or somewhat mentally or emotionally stressed about preparing for retirement (31 percent) (Figure 6). By comparison, 22 percent of retirees recall being mentally or emotionally stressed about preparing for retirement before they retired.

Figure 6
Workers Feeling Stressed About Preparing for Retirement

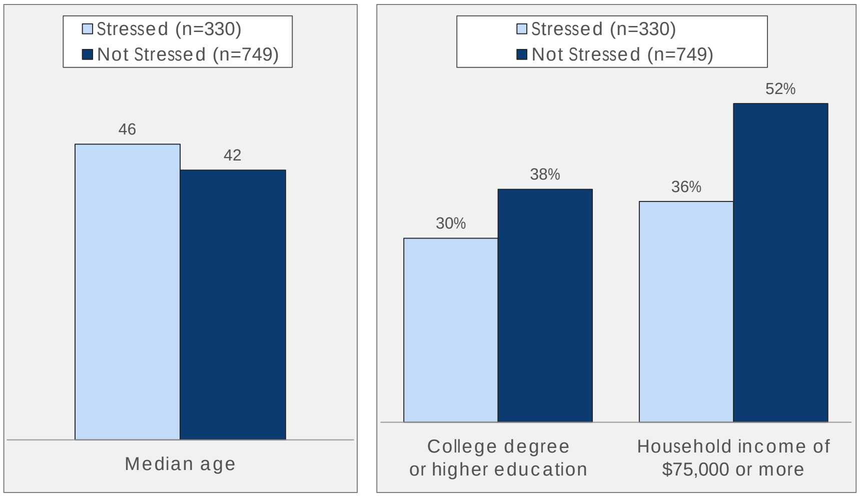
Currently, how stressed are you mentally or emotionally, if at all, about preparing for retirement? (Workers n=1,082)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

These stressed workers have a median age of 46 (higher than the median of 42 among those not stressed), and tend to have lower education and income levels than workers who do not feel stressed about retirement preparation (Figure 7). Workers who feel stressed about retirement preparation are notably more likely to say that their debt level is a major problem (30 percent vs. 12 percent of workers who do not feel stressed). Furthermore, stressed workers are less likely to feel very or somewhat financially secure (30 percent vs. 71 percent of workers who do not feel stressed) (Figure 8).

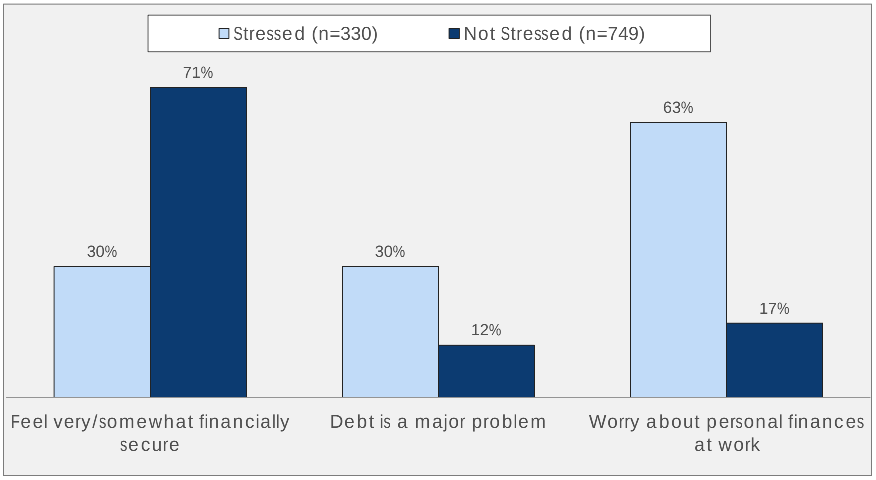
Figure 7
Characteristics of Workers Who Are Stressed About Retirement Preparations



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Figure 8
Debt and Financial Security Among Stressed Workers

Financial Situation of Workers Who Are Stressed About Preparing for Retirement

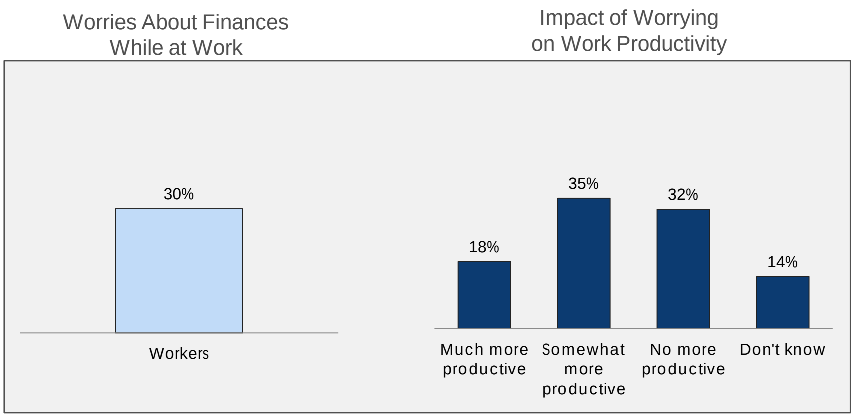


Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

In addition, stressed workers (63 percent) are more than three times as likely as unstressed workers (17 percent) to report that they worry about their personal finances while at work (Figure 8). Overall, 30 percent of workers say that they worry about their personal finances at work. More than half of those who worry about personal finances at work feel they would be more productive at if they did not spend time worrying (Figure 9). Many say financial education or advice programs at work would be helpful for increasing their productivity. Specifically, about half of workers believe that retirement planning (53 percent) and financial planning programs (49 percent) would be very or somewhat helpful in increasing their productivity at work. Another 47 percent feel that health care planning would be at least somewhat helpful (Figure 10).

Figure 9
Percentage of Workers Who Worry About Personal Finances at Work and Impact on Productivity

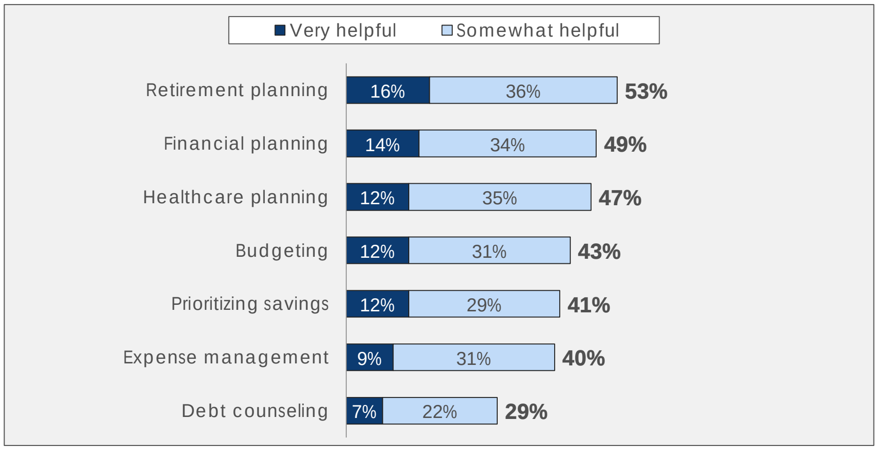
Do you worry about your personal finances while you are at work? (Employed full-time or part-time, Workers n=799, Retirees n=29, percent yes); To what extent, if at all, do you think you would be more productive at work if you did not spend time worrying about personal finances? (Worries about finances at work, Workers n=233)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Figure 10
Helpfulness of Financial Education Programs in Increasing Productivity at Work

How helpful, if at all, do you think the following programs would be for increasing ***your productivity at work***…? (Employed, Workers n=799)

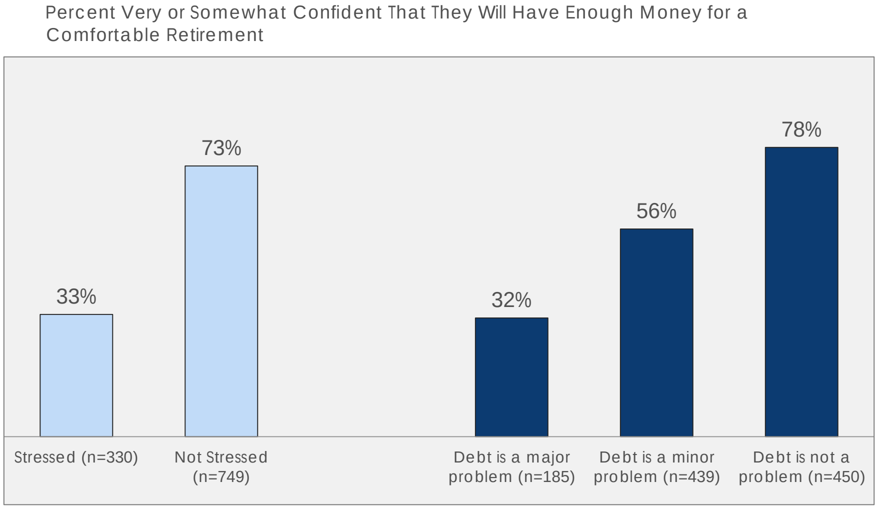


Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Workers who feel stressed about retirement are, perhaps not surprisingly, less likely to feel confident in their ability to have enough money to live comfortably in their retirement years. Only 33 percent of stressed workers feel very or somewhat confident in their ability to retire comfortably, compared with 73 percent of workers who are not stressed (Figure 11).

In addition to stress, 18 percent of all workers describe their level of debt as a major problem and another 41 percent call it a minor problem. Just 32 percent of workers who describe their debt as a major problem say they are very or somewhat confident about having enough money to live comfortably throughout retirement, compared with 78 percent of workers who indicate debt is not a problem (Figure 11). Workers who describe their debt as a major problem also are much more likely to say that they are emotionally or mentally stressed about preparing for retirement than those who do not view their debt as problematic (52 percent who say debt is a problem feel stressed vs. 19 percent who do *not* see debt as a problem feel stressed).

Figure 11
Retirement Confidence Among Stressed Workers and Those with Debt

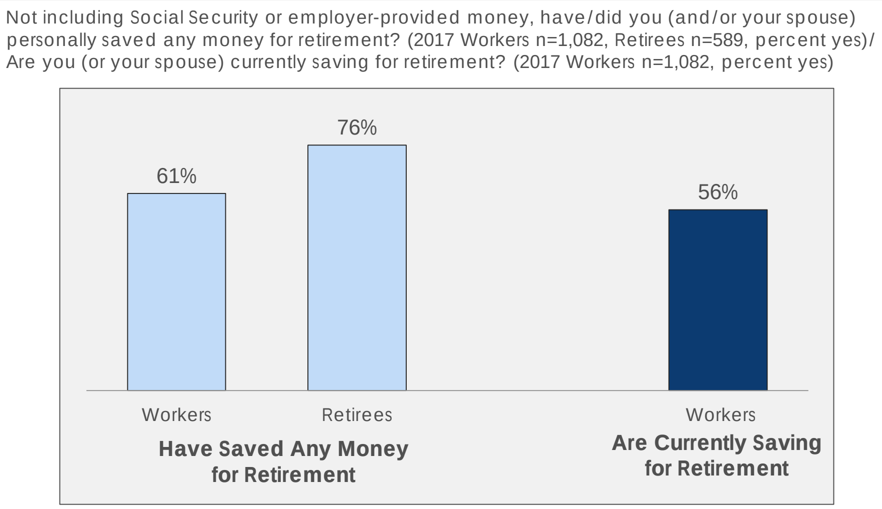


Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Retirement Savings & Investments

Six in 10 workers (61 percent) report that they and/or their spouse have saved for retirement and nearly as many (56 percent) say that they are currently saving for retirement. By comparison, 3 in 4 retirees (76 percent) say that they personally saved for retirement before they retired (Figure 12).

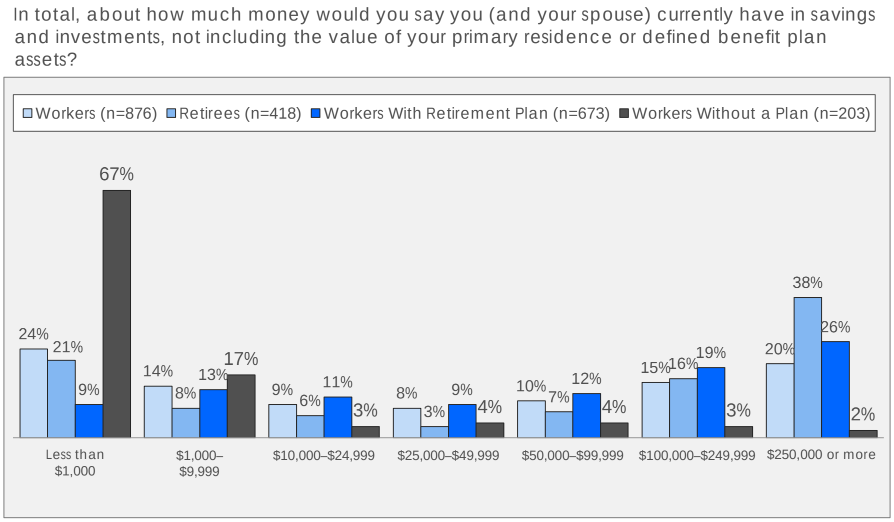
Figure 12
Worker and Retiree Retirement Savings Behavior



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

A sizable percentage of workers say they have no or very little money in savings and investments. Among RCS workers providing this type of information, 47 percent report that the total value of their household's savings and investments, excluding the value of their primary home and any DB plans, is less than $25,000. This includes 24 percent who say they have less than $1,000 in savings. Approximately 1 in 10 each report totals of $25,000–$49,999 (8 percent), $50,000–$99,999 (10 percent), $100,000–$249,999 (15 percent), and 2 in 10 report having $250,000 or more (20 percent). Similar shares of retirees estimate their total household savings at under $1,000, but retirees are more likely to claim savings and investments of $250,000 or more (Figure 13).

Figure 13
Worker and Retiree Savings Amounts, by Plan vs. No Plan



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.
Figures and n-sizes presented exclude those who answered "Don't know," said they never worked, or refused to answer.

Workers who participate in a retirement plan are 10 times more likely to be currently saving for retirement (74 percent with a plan vs. 7 percent without). These workers have significantly more in savings and investments than do those without a plan. Two-thirds of workers without a retirement plan (67 percent) report having less than $1,000 in savings and investments, compared with just 9 percent among workers with a retirement plan (Figure 13).

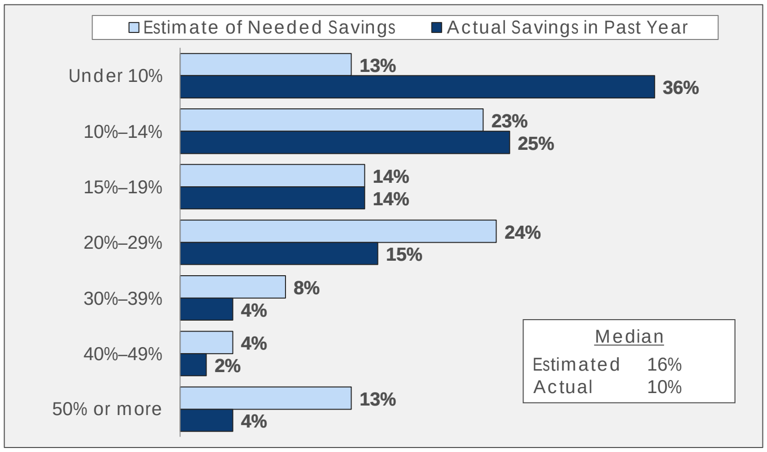
Many workers acknowledge their savings shortfalls for retirement, stating they need to save a sizable, perhaps unmanageable, share of their total household income in order to live comfortably in retirement. Of those willing to provide an estimate, half of workers believe they need to save less than 20 percent of their income, 24 percent estimate they need to save between 20 and 29 percent of their income, and another 1 in 4 (25 percent) indicate they need to save 30 percent or more (Figure 14).

While many workers recognize the need to save sizable amounts to live comfortably in retirement, lower percentages of workers say they are currently saving these high amounts. For example, 63 percent say their needed savings is 15 percent or more of their incomes, compared with 61 percent of those currently saving who say they are saving less than 15 percent (Figure 14).

Workers who are currently saving less than they think they need for retirement acknowledge some negative impact. Six in 10 (57 percent) believe they will need to retire later and nearly as many (54 percent) say they will need to save more later. More than half believe that saving less than is needed will mean they will have less to live on in retirement and will have less money for travel or entertainment (54 percent each). Half of those who say they are saving less than they need say they plan to work in retirement (50 percent). Smaller shares think they will have to rely on government services (17 percent), community services (8 percent), or family (8 percent) (Figure 15).

Figure 14
Worker Estimates of Needed Annual Savings Rates vs. Current Savings Rates

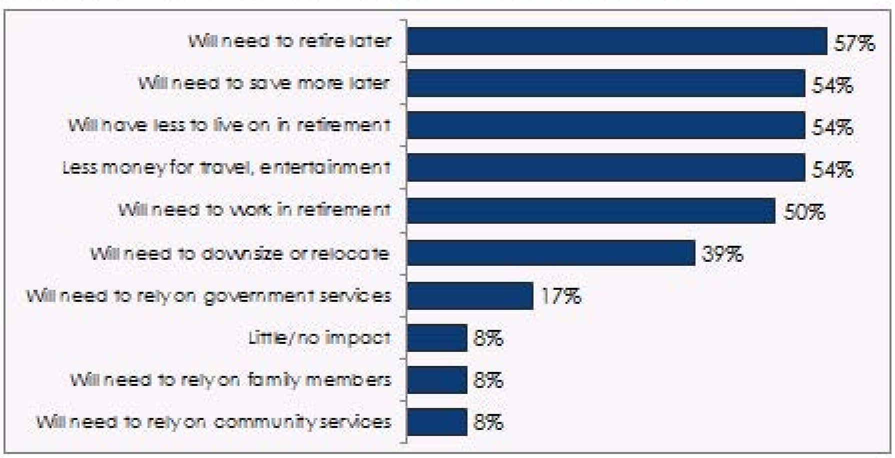
About what percentage of your total household income do you think you (and your spouse) need to save each year from now until you expect to retire so you can live comfortably throughout your retirement? (Workers n=586)/About what percentage of your total household income did you (and your spouse) save last year for retirement? (Workers currently saving for retirement n=477)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.
Figures and n-sizes from all years presented exclude those who answered "Don't know" or refused to answer.

Figure 15
Impact of Saving Less Than Needed for Retirement

What do you think the impact will be of currently saving less than you need for retirement? (2017 Workers currently saving less than needed for retirement n=192, percent yes)



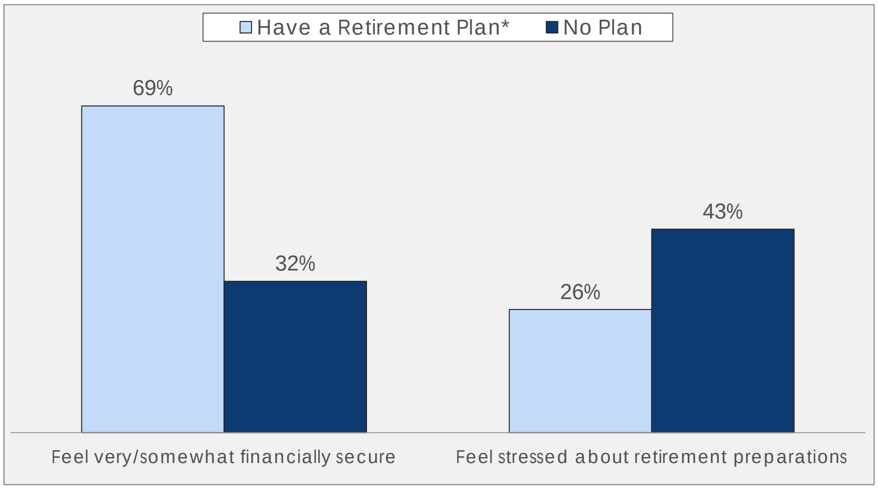
Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Retirement Plans

One of the primary vehicles that workers use to save for retirement is an employer-sponsored retirement savings plan, such as a 401(k) plan. Indeed, 73 percent of employed workers report they are offered such a plan by their current employer, and more than 8 in 10 (83 percent) of eligible employees say they contribute money to their employer's plan. Nearly half of all workers (46 percent) report that they currently invest in an IRA, and 39 percent claim to have a traditional defined benefit pension plan.

Workers who have a retirement plan are less likely to report that they feel mentally or emotionally stressed about preparing for retirement. Just a quarter of workers with a retirement plan (26 percent) report feeling stressed about retirement preparation, compared with 4 in 10 workers without a plan (43 percent) who feel stressed. In keeping with overall retirement confidence, workers who have a retirement plan are also more likely to feel they are financially secure. Seven in 10 workers with a retirement plan feel they are at least somewhat financially secure, whereas only a third of those without a plan feel financially secure (Figure 16).

Figure 16
Stress and Feelings of Financial Security by Plan vs. No Plan



* *Have a Retirement Plan* defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan.
Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Workers who are not currently saving for retirement say they would be likely to save if their employer matched their savings contribution to a retirement plan. Forty-two percent feel this would make them very likely to save for retirement, and another 3 in 10 (31 percent) say it would make them somewhat likely to save. Roughly two-thirds of employed workers who are not currently saving for retirement would be likely to save if their employer made automatic deductions into a savings account (Figure 17). Interestingly, workers who don't save appear equally motivated to save for retirement by a 3 percent automatic deduction (31 percent very likely to save) and a 6 percent automatic deduction (27 percent very likely to save), suggesting that the *availability of the automatic deduction* is what is important, more so than these studied deduction amounts (Figure 18).

Financial Advice

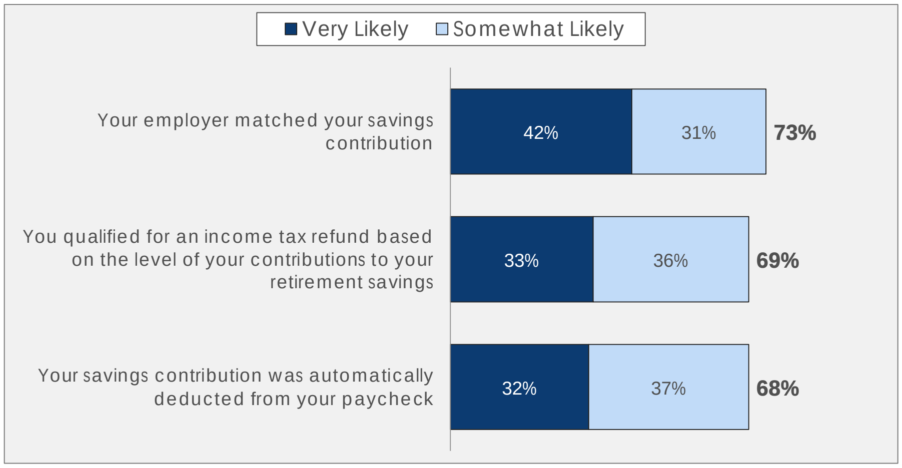
One in 4 workers (24 percent) and 4 in 10 retirees (39 percent) report that they have obtained investment advice from a financial advisor who was paid through fees and commissions. Among workers, an even greater share expects to work with a professional financial advisor as they approach retirement. Half believe they will do this (49 percent), while 4 in 10 retirees do so currently (37 percent).

One issue surrounding obtaining financial advice is whether the advice will be in the recipient's best interest. Sizable majorities of both workers (74 percent) and retirees (70 percent) strongly or somewhat agree that the advice they receive from a professional financial advisor is in their best interest (Figure 19).

As workers seek advice, most feel it is important to choose an advisor who can provide them with information and advice about how *they* should manage their assets (93 percent call this very or somewhat important). Notably fewer

Figure 17
Likelihood of Programs to Help Non-Savers

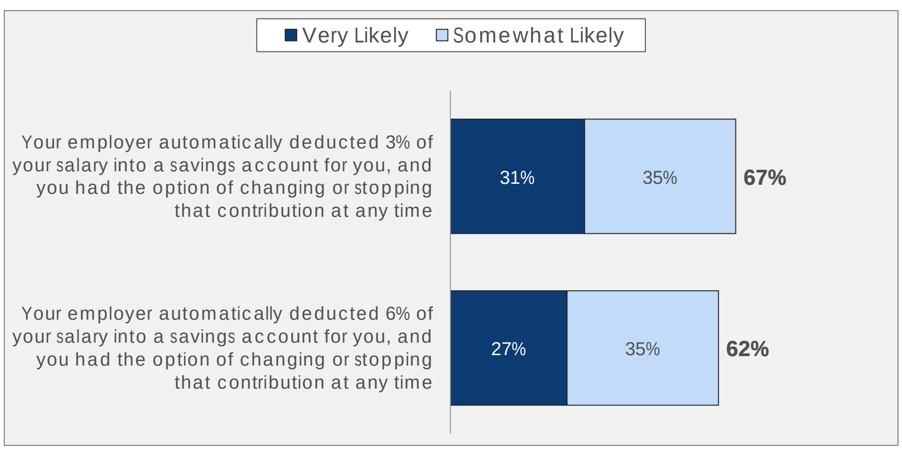
How likely do you think you would be to save for retirement if...? (Workers employed and not currently saving for retirement n=473)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Figure 18
Likelihood of Automatic Deduction of 3% and 6% of Salary to Encourage Non-savers

How likely do you think you would be to save for retirement if...? (Workers employed and not currently saving for retirement n=473)



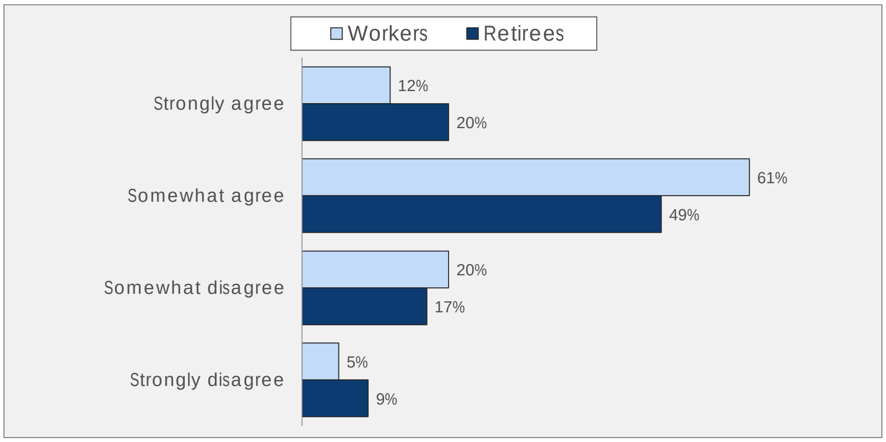
Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

feel it is important that an advisor will manage their assets *for them* (72 percent). Retirees, in contrast, are more likely to say it is very important for an advisor to manage their assets *for them* (43 percent vs. 26 percent of workers). Retirees, however, also prefer a more do-it-with-me relationship with their financial advisor or future advisor, as 89 percent say it is important to choose an adviser who will provide information and advice on how *they* (the retiree) should manage their assets (Figure 20).

Nine in 10 workers (90 percent) work with or feel it is important to work with an advisor who will provide them with information and advice about how to cover medical and long-term care expenses. Nearly as many say it is important that an advisor who provides advice and information about when to claim Social Security (88 percent), develops a formal financial plan for retirement (87 percent), and specializes in converting assets into retirement income (86 percent) (Figure 20).

Figure 19
Workers' and Retirees' Perceptions of Whether Professional Financial Adviser is Providing Advice in Their Best Interest

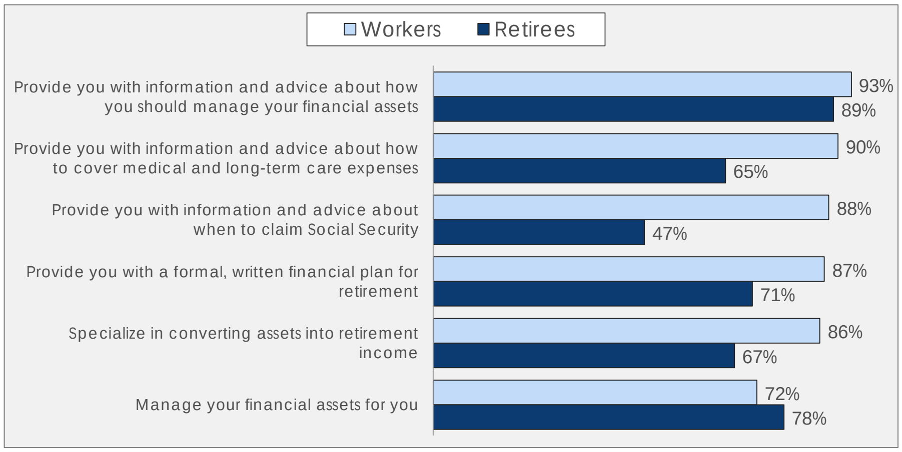
To what extent do you agree or disagree that the advice you receive from a professional financial adviser is in your best interest? (Workers n=1,082; Retirees n=589)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Figure 20
Important Financial Advisor Characteristics/Services

How important (will it be/is it) for the adviser you chose to…? (Those who work with or expect to work with a financial adviser, Workers n=546, Retirees n=229, percent very/somewhat important)

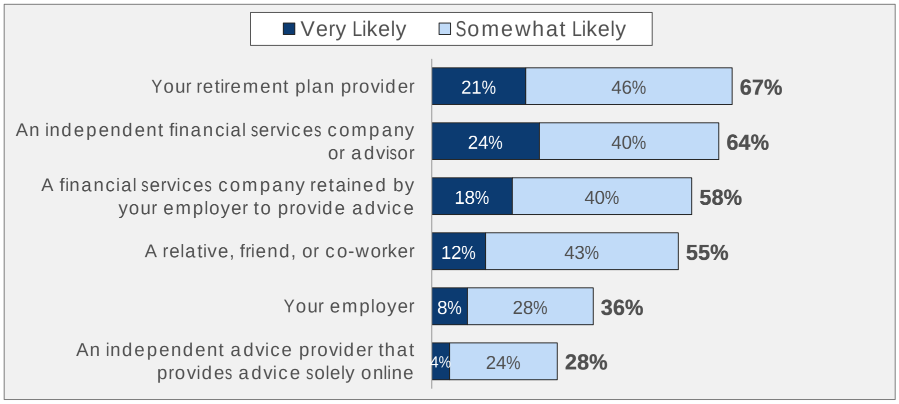


Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Workers who are currently contributing to employer retirement savings plan have various sources from which they can obtain financial advice on decisions about money in their current retirement plan. When these retirement savings plan participants are asked about the likelihood of seeking advice from some of these sources, nearly 7 in 10 say that they are very likely or somewhat likely to seek advice from their retirement plan provider (67 percent), an independent financial services company or advisor (64 percent), and a financial services company retained by their employer to provide advice (58 percent). A human connection is important: The likelihood of seeking advice from an independent advice provider that provides advice solely online is significantly lower (28 percent) (Figure 21).

Figure 21
Plan Participants' Preferred Sources of Advice Regarding Their Savings Plan

Suppose you were making decisions about money in your current retirement savings plan, such as how to invest the money, what to do with the money when you leave the employer, or what to do with the money when you retire. How likely do you think you would be to seek advice from…? (Workers currently contributing to employer retirement savings plan n=509)

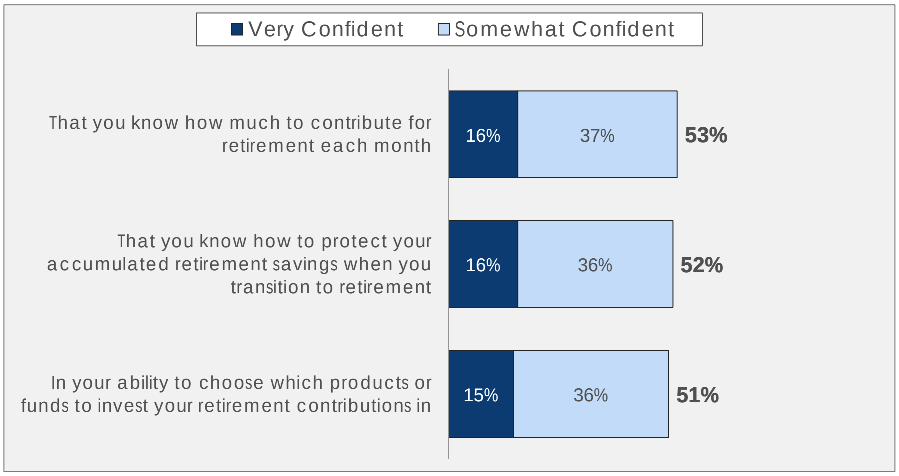


Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Many workers do not feel confident about how to manage their retirement savings, particularly savings in a retirement plan, and may turn to the above sources for advice. Only about half feel either very or somewhat confident that they know how much to contribute for retirement each month (53 percent) or are confident in their ability to choose the products or funds for investing their retirement contributions (51 percent). Just half of workers say they feel confident that they know how to protect their accumulated retirement savings as they transition to retirement (52 percent) (Figure 22).

Figure 22
Worker Confidence in Managing Retirement Savings

How confident are you (and your spouse)…? (Workers n=1,082)



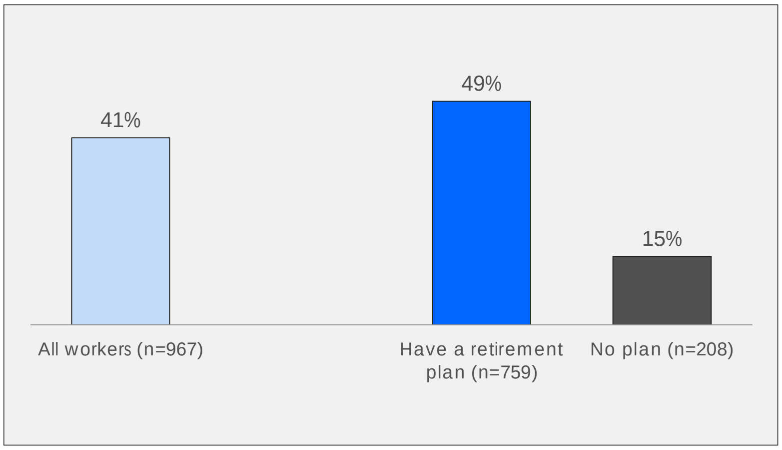
Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Steps to Prepare for Retirement

Just 4 in 10 workers (41 percent) report they and/or their spouse have ever tried to calculate how much money they will need to have saved so that they can live comfortably in retirement (Figure 23). Workers reporting they or their spouse participate in a DC plan are significantly more likely than those who do not participate in such a plan to have tried a calculation (49 percent vs. 15 percent).

Figure 23
Percentage of Workers Calculating Retirement Needs

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? (2017 Workers, percent yes)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.
Figures and n-sizes from all years presented exclude those who answered "Don't know" or refused to answer.

Among those who attempted a calculation, nearly 2 in 3 (64 percent) estimate that they need $500,000 or more, including more than 1 in 3 (37 percent) who believe they need $1,000,000 or more (Figure 24). Not surprisingly, savings goals tend to increase with household income. In particular, those with household incomes of at least $75,000 are almost three times as likely as those with lower incomes to report they need to accumulate at least $1 million for retirement (50 percent vs. 17 percent of those with incomes under $35,000).

In addition to estimating their retirement savings needs, some workers report they have taken other steps to prepare for retirement. Retirees are generally more likely to say they took these retirement planning steps before they retired. These include thinking about how they would occupy their time in retirement (44 percent of workers and 54 percent of retirees), estimating how much income they would need each month in retirement (38 percent of workers and 56 percent of retirees), and estimating the amount of their Social Security benefit at their (planned) retirement age (38 percent of workers and 62 percent of retirees). Roughly a third of both workers (38 percent) and retirees (34 percent) have considered moving or down-sizing. Fewer say they have talked with a professional financial advisor about retirement planning (23 percent of workers and 34 percent of retirees), calculated how much they would likely need for retirement health expenses (21 percent of workers and 39 percent of retirees), and prepared a formal, written financial plan for retirement (11 percent of workers and 19 percent of retirees) (Figure 25).

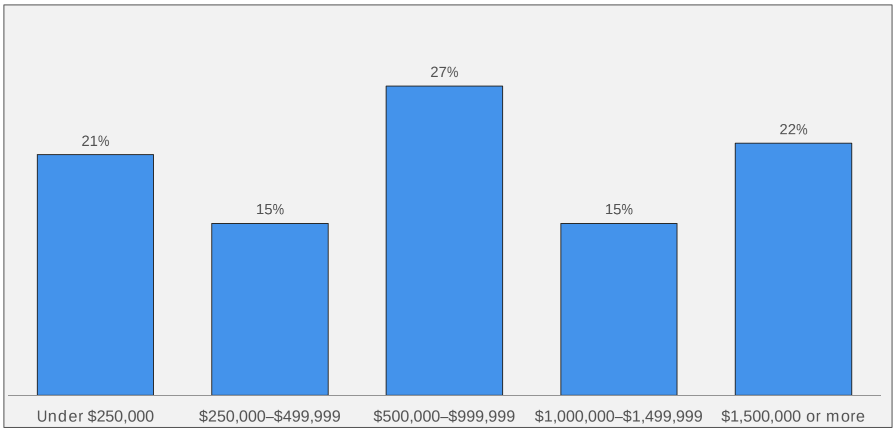
Expectations About Retirement

Retirement Age

As in prior years, there is a big gap between when active workers expect to retire and retirees say they actually did: Workers continue to report an expected median retirement age of 65, while retirees report they retired at a median age of 62. A small share of workers are adjusting their expectations about when to retire, perhaps in recognition of the fact that their financial preparations for retirement may be inadequate. In 2017, 14 percent of workers say the age at which they expect to retire has changed in the past year, and of those, the large majority (78 percent) report their expected retirement age has increased.

Figure 24
Amount Workers Say They Will Need to Accumulate by the Time They Retire

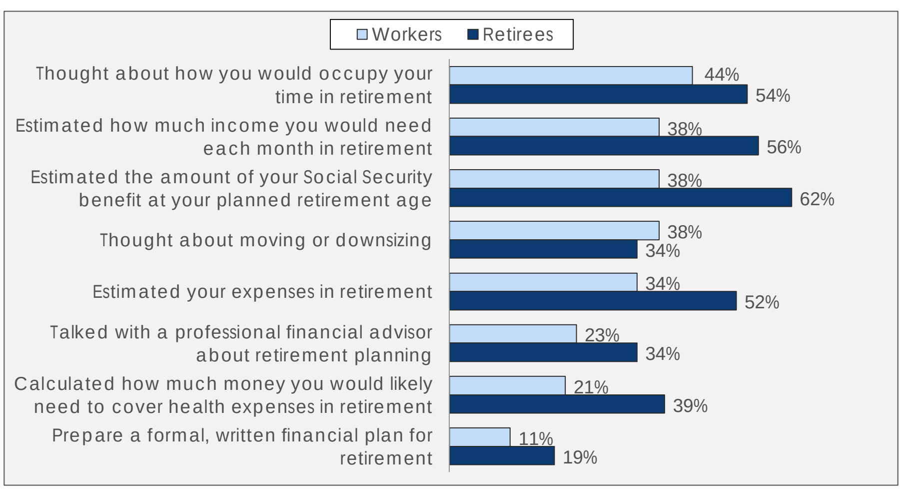
How much do you think you (and your spouse) will need to accumulate in total by the time you retire so that you can live comfortably in retirement?/ How much did you (or your spouse) calculate you would need in total by the time you retire so that you can live comfortably in retirement? (2017 Workers n=782)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.
Figures and n-sizes from all years presented exclude those who answered "Don't know," said they could not calculate, or refused to answer.

Figure 25
Other Steps Taken to Prepare for Retirement

Have you (or your spouse)...? (2017 Workers n=1,082, percent yes)/To prepare for retirement, did you (or your spouse)...? (2017 Retirees n=589, percent yes)

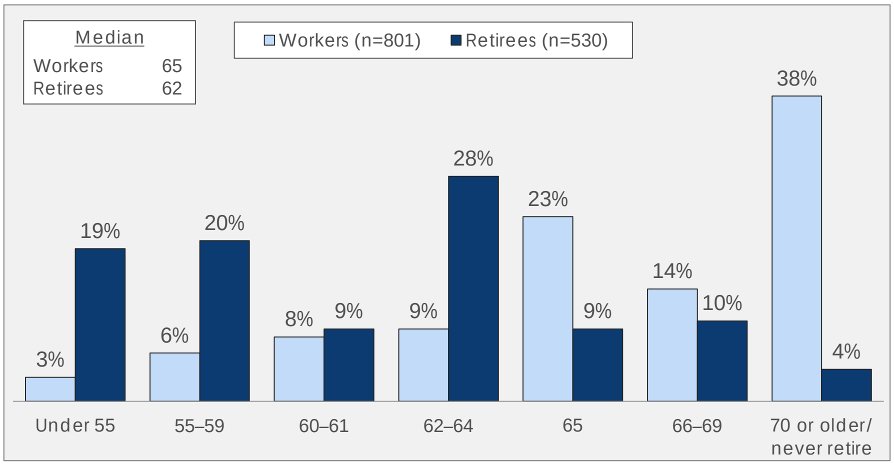


Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Though the median expected retirement age for workers and retirees has remained unchanged for many years, workers are notably more likely to say they expect to retire at age 70 or older. Nearly 4 in 10 (38 percent) of workers expect to retire at 70 or beyond, while only 4 percent of retirees report this was the case. Just 9 percent of workers say they plan to retire before age 60, compared with 39 percent of retirees who report they retired that early. Seventeen percent of workers say they plan to retire between the ages of 60 and 64, although 38 percent of retirees say they retired in that age range. This difference between workers' expected retirement age and retirees' actual age of retirement suggests that a considerable gap exists between workers' expectations and retirees' experience (Figure 26).

Figure 26
Worker Retirement Age Estimates vs. Retiree Retirement Ages

Realistically, at what age do you expect to retire?/How old were you when you retired?



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.
Figures and n-sizes presented exclude those who answered "Don't know," said they never worked, or refused to answer.

One reason for the gap between workers' expectations and retirees' experience is that many Americans find themselves retiring unexpectedly. The RCS has consistently found that a large percentage of retirees leave the workforce earlier than planned (48 percent in 2017) (Figure 27). Many retirees who retired earlier than planned cite hardships for leaving the workforce when they did, including health problems or disability (41 percent), changes at their company, such as downsizing or closure (26 percent), and having to care for a spouse or another family member (14 percent). Others say changes in the skills required for their job (4 percent) or other work-related reasons (16 percent) played a role. Of course, some retirees mention positive reasons for retiring early, such as being able to afford an earlier retirement (24 percent) or wanting to do something else (10 percent).

The financial consequences of an unplanned early retirement can be heavy. Retirees who retire earlier than planned are more likely than those who retire when expected or later to say they are not confident about having enough money for a comfortable retirement or about paying for basic expenses, medical expenses, and long-term care expenses.

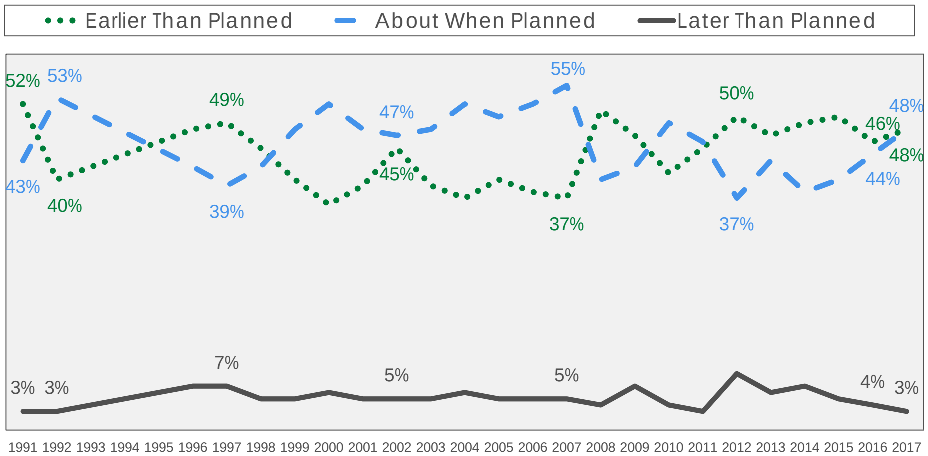
Working for Pay in Retirement

In another expectations gap, the RCS has consistently found that workers are far more likely to expect to work for pay in retirement than retirees are to have actually worked. The percentage of workers planning to work for pay in retirement now stands at 79 percent, compared with just 29 percent of retirees who report they have worked for pay in retirement (Figure 28).

Almost all retirees who say they worked for pay in retirement in the 2017 RCS give a positive reason for doing so, saying they did so because they wanted to stay active and involved (90 percent) or enjoyed working (82 percent). However, they say that financial reasons also played a role in that decision, such as wanting money to buy extras (67 percent), needing money to make ends meet (42 percent), a decrease in the value of their savings or investments (23 percent), or keeping health insurance or other benefits (13 percent).

Figure 27
Retirees' Experiences of Retiring Earlier, Later, or When Planned

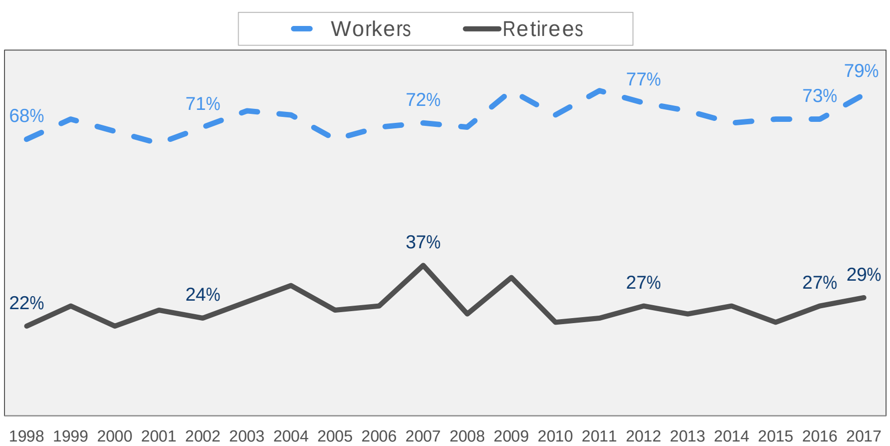
Did you retire earlier than you planned, later than you planned, or about when you planned? (2017 Retirees n=589)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1991–2017 Retirement Confidence Surveys.

Figure 28
Worker Expectations for Working in Retirement vs. Retiree Experiences

Do you think you will do any work for pay after you retire?/Have you worked for pay since you retired? (2017 Workers expecting to retire n=600; Retirees n=587)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1998–2017 Retirement Confidence Surveys.
Figures and n-sizes from all years presented exclude those who answered "Don't know" or refused to answer.

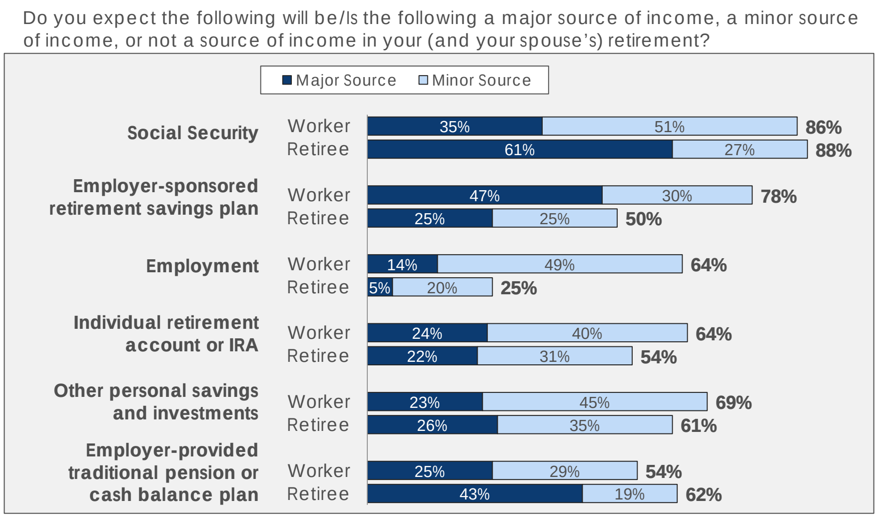
Sources of Retirement Income

While almost all retirees (88 percent) report that Social Security provides either a major or minor source of income for them and their spouse (61 percent say it is a major source of income), workers and their spouses continue to expect to draw their retirement income from a wide variety of sources. (Social Security is the federal program that provides income replacement for the aged and disability coverage for eligible workers and their dependents.)

Eighty-six percent of current workers say they expect Social Security to be a major or minor source of income in retirement, but they say they believe that personal savings will also play a large role. At least two-thirds each say they anticipate receiving retirement income from an employer-sponsored retirement savings plan (78 percent), personal savings and investments (69 percent), and an IRA (64 percent). Six in 10 (64 percent) say they expect employment to provide them with a source of income in retirement and 54 percent expect to receive income from an employer-sponsored traditional pension or cash balance plan (Figure 29).

Retirees in this year's RCS are less likely to say an IRA (64 percent of workers vs. 54 percent of retirees) or other personal savings and investments (69 percent vs. 61 percent) are a major or minor source of income, compared with workers' expectations. Workers are far more likely to expect income in retirement from an employer-sponsored retirement savings plan (78 percent vs. 50 percent of retirees), while retirees are more likely to receive income from a traditional defined benefit pension plan (62 percent vs. 54 percent of workers). It should be noted that although 54 percent of workers say they expect to receive benefits from a DB plan in retirement, only 39 percent report that they and/or their spouse currently have such a benefit with a current or previous employer.

Figure 29
Worker Expectations for Sources of Income in Retirement vs. Retirees' Actual Income Sources



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Confidence in Social Security and Medicare

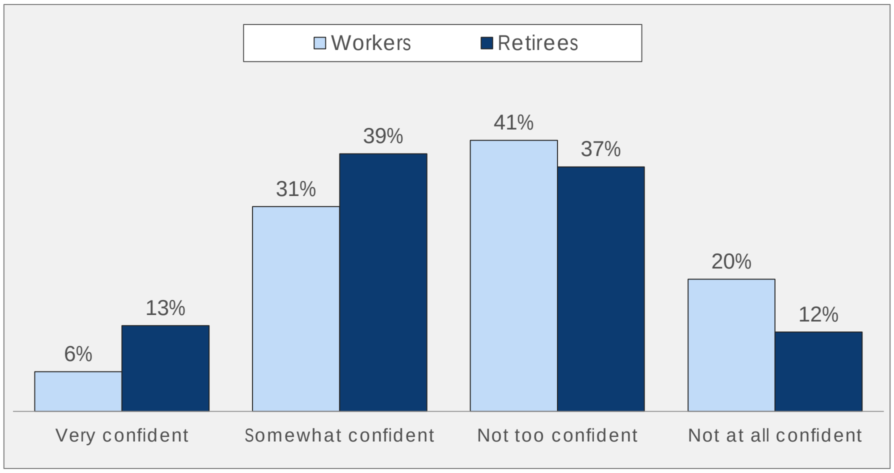
The reason workers may be less likely than retirees to expect to receive income from Social Security is because their confidence in Social Security's ability to maintain the current value of benefits paid to retirees is low. Just 37 percent of workers say they are very or somewhat confident that the Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today, including just 6 percent who are very confident (Figure 30).

Confidence that Social Security will continue to provide benefits that are at least equal to today's value is higher among workers ages 55 or older than among younger workers, and retirees are more likely than workers overall of any age to be confident about the future value of Social Security benefits. Half of retirees (51 percent) say they are confident about the future value of Social Security benefits, including 13 percent who are very confident (Figure 30).

Worker confidence in Medicare's current level of benefits being maintained in the future is also low (Medicare is the federal health care insurance program for the elderly and disabled). Just 38 percent of workers say they are very or somewhat confident that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today, and only 5 percent are very confident (Figure 31).

Figure 30
Worker and Retiree Confidence in Future Social Security Benefits

How confident are you that the Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today? (2017 Workers n=1,082; Retirees n=589)

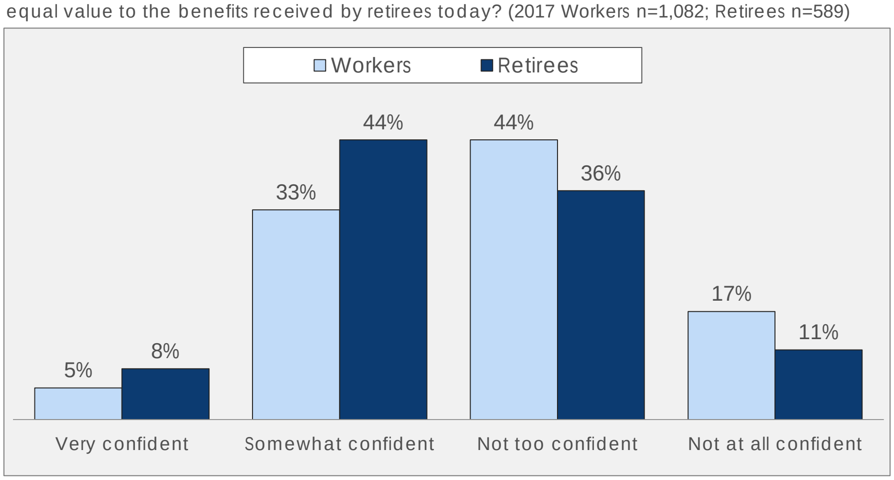


Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Like views of Social Security, worker confidence about the future value of Medicare benefits is higher among those ages 55 and older, and retirees are more likely than workers overall of any age group to be confident. Even so, just 8 percent of retirees say they are very confident in the value of the future benefits paid by Medicare, and half are very or somewhat confident (52 percent) (Figure 31).

Figure 31
Worker and Retiree Confidence in Future Medicare Benefits

How confident are you that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today? (2017 Workers n=1,082; Retirees n=589)



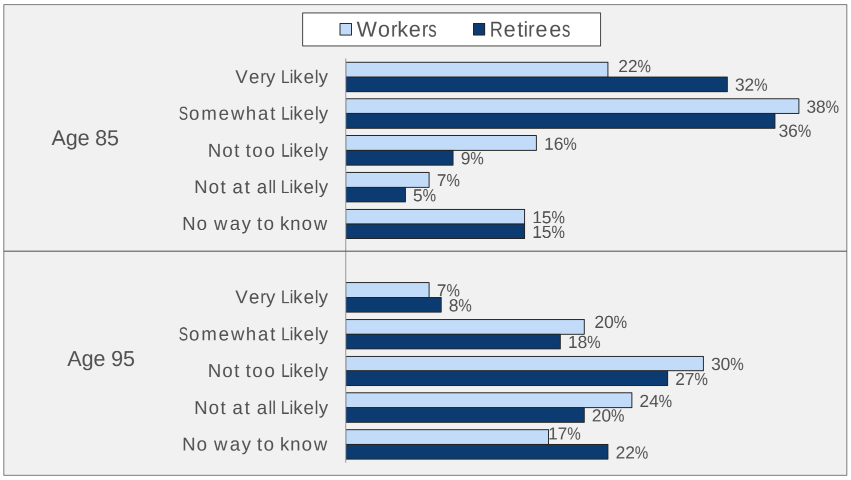
Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Longevity

Most workers and retirees expect to live at least until age 85, but significantly fewer think they are at least somewhat likely to reach age 95. Among workers, 60 percent say they are very or somewhat likely to live to age 85, while only 22 percent feel very likely to do so. Slightly more so than workers, 67 percent of retirees under the age of 85 expect to live until that age, including 32 percent who think it very likely they will do so. On the other hand, just 27 percent of workers and an equal share (26 percent) of retirees feel they are very or somewhat likely to live until age 95 (Figure 32).

Figure 32
Expectations of Living to Age 85 or 95

How likely do you think you will be to live until at least age 85/95? (Workers n=1,082; Retirees n=572 (age 85)/(n=589)(age 95))



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Workers express a moderate level of interest in purchasing an insurance product when they retire that begins providing guaranteed monthly income at some point in the future, such as age 80 or 85. Seven percent of workers indicate they are very interested and 38 percent report they are somewhat interested. However, interest among retirees is very low, with just 14 percent saying they are either very or somewhat interested in purchasing this type of product (Figure 33).

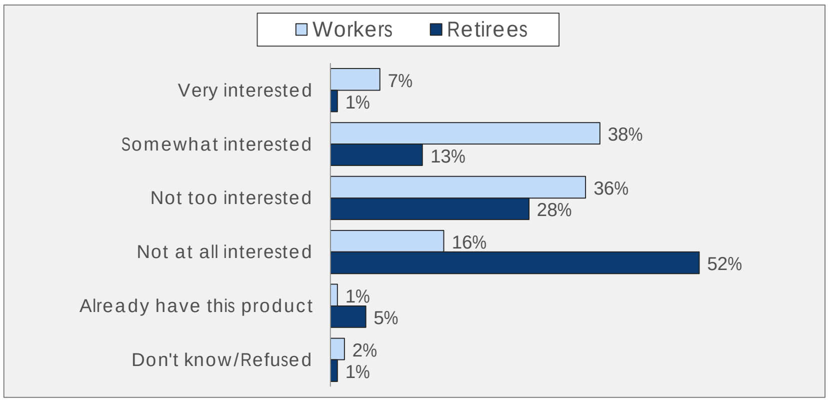
Managing Finances in Retirement

Compared with what they expected when they first retired, retirees are more likely to say their health care expenses in retirement are higher than expected (47 percent) rather than lower (13 percent). Thirty-nine percent report their health care expenses are about the same as expected. A greater share of retirees (53 percent) report that their other, non-health care expenses are about the same as they expected. However, 37 percent report that non-healthcare expenses are higher than expected (Figure 34).

Among those who say that their health care or other expenses were higher than they expected, 50 percent say they coped with these higher-than-expected expenses by adjusting their budget, adapting, managing, and/or living within their means. A similar number reports reductions in spending (48 percent), while a third (35 percent) say they cut back or did without. More than 2 in 10 (22 percent) say they drew down money from their savings and investments (Figure 35).

Figure 33
Worker and Retiree Interest in Longevity Insurance

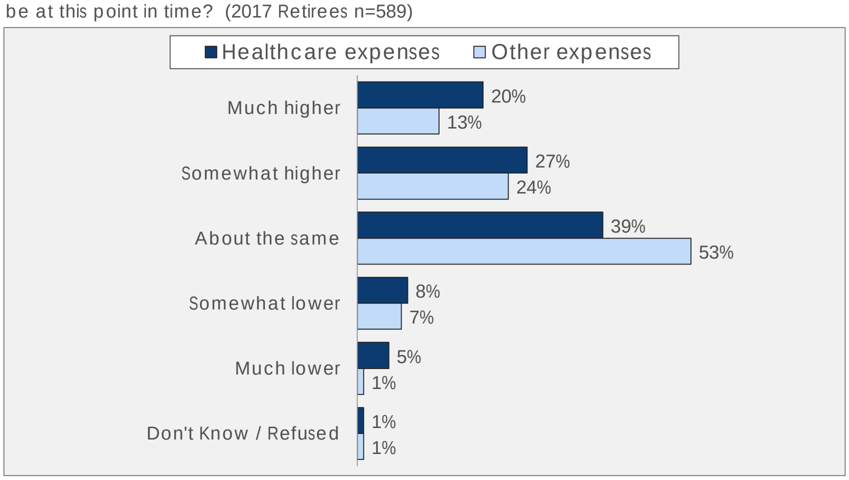
(When you retire,) How interested do you think you will be (are you) in purchasing an insurance product with a portion of your savings that begins providing guaranteed monthly income at some point in the future, such as age 80 or 85? (Workers n=1,082; Retirees n=572)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Figure 34
Retirees' Actual Expenses in Retirement Compared With Their Expectations

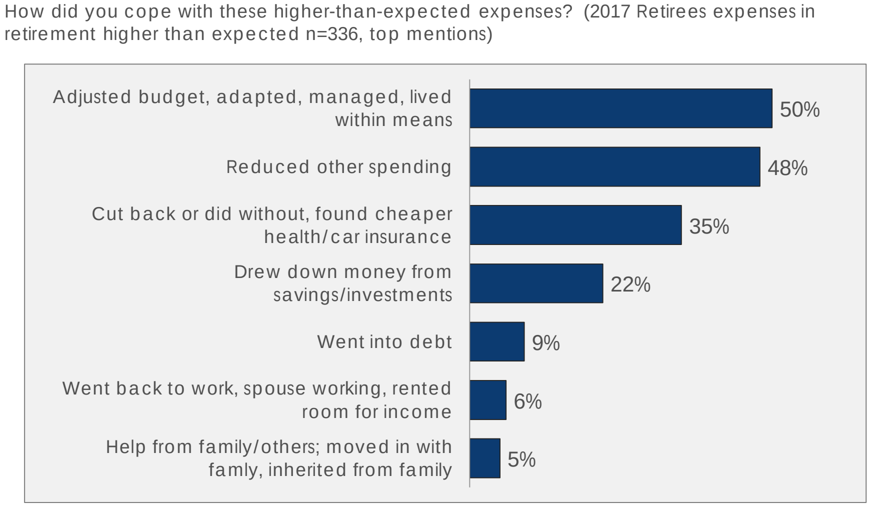
Compared with what you expected when you first retired, would you say your ***healthcare expenses/other*** in retirement are higher, about the same, or lower than you expected them to be at this point in time? (2017 Retirees n=589)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

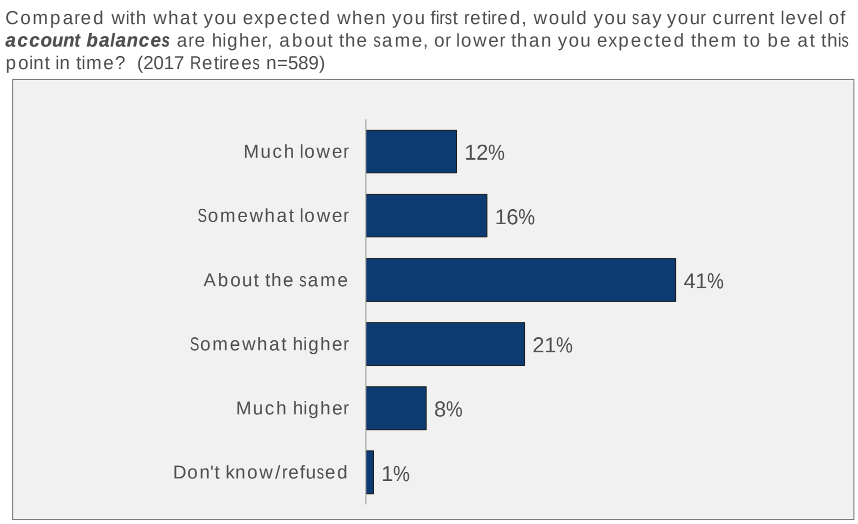
Given that nearly one-quarter of retirees say they had to draw down money from savings and investments to cover higher-than-expected expenses, retirees would then be expected to have lower levels of current savings and investments than they had expected. Indeed, 28 percent of retirees report that the level of their savings and investments is lower than expected at this point in their retirement. Four in 10 (41 percent) report the level is about as expected, and 29 percent find it is higher than expected (Figure 36).

Figure 35
How Retirees With Higher-than-expected Expenses Cope



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Figure 36
Retirees' Savings Compared With Their Expectations

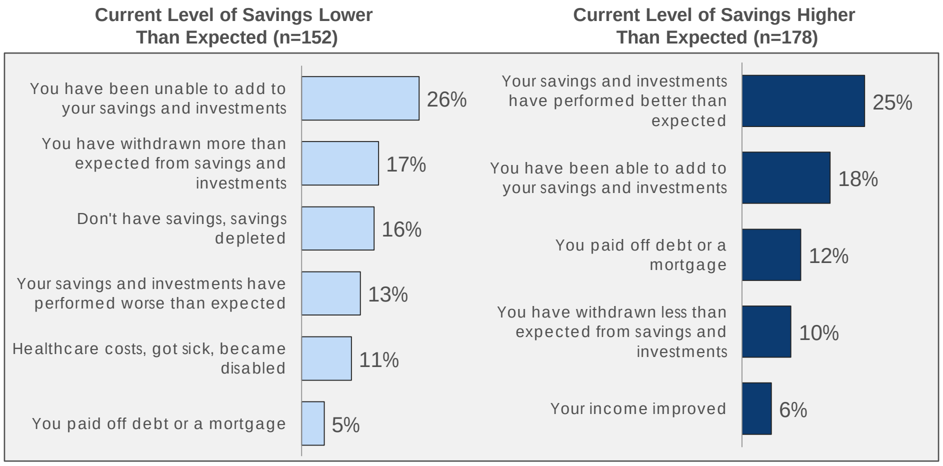


Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

Those reporting that their level of savings and investments is lower than expected think it is primarily because they have been unable to add to their savings and investments (26 percent), they have withdrawn more than expected (17 percent) or have depleted their savings (16 percent). Those saying their level of savings and investments is higher than expected cite better-than-expected investment performance (25 percent), their ability to add to their savings (18 percent), paying off a debt or a mortgage (12 percent), and withdrawing less than expected (10 percent) (Figure 37).

Figure 37
Reasons Why Retirees' Savings Have Been Higher or Lower Than Expected

What is your main reason for saying that? (Retirees expected higher/lower level of savings and investments, top mentions)

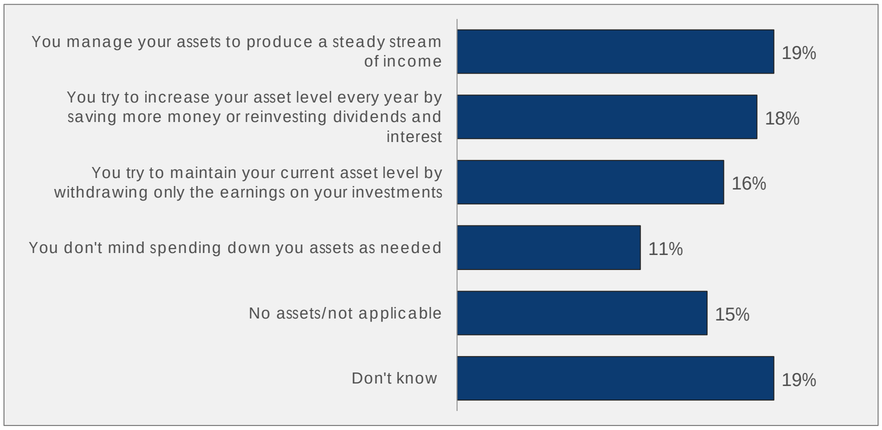


Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

A majority of retirees say they try to maintain or increase their level of assets. When asked about what best represents their behavior when it comes to their level of assets, 18 percent say they try to increase their asset level every year by saving more money or reinvesting dividends and interest, and 16 percent say they try to maintain their current asset level by withdrawing only the earnings on their investments. Nineteen percent say they manage their assets to produce a steady stream of income, while only 1 in 10 (11 percent) say they don't mind spending down their assets as needed (Figure 38).

Figure 38
How Retirees Try to Maintain Their Asset Level

Which one of the following best represents your behavior when it comes to your level of assets? (2017 Retirees n=589)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey.

RCS Methodology

These findings are part of the 27th annual Retirement Confidence Survey (RCS), a survey that gauges the views and attitudes of working-age and retired Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. The survey was conducted from Jan. 6, 2017 to Jan. 13, 2017 through online interviews with 1,671 individuals (1,082 workers and 589 retirees) ages 25 and older in the United States.

For the first time this year, the Retirement Confidence Survey (RCS) utilized GfK's national, probability-based, online KnowledgePanel® in lieu of the traditional random-digit-dial landline telephone and cellphone supplement used in prior waves. GfK's KnowledgePanel® is the largest probability-based online panel, designed to be representative of the U.S. population.

The research teams at EBRI and Greenwald & Associates also conducted a small phone survey that allowed them to examine the impact of the methodological change. An analysis of the online versus phone results revealed a successful migration to online data collection based on largely stable, explainable results. However, three notable differences by data collection method emerged. These differences were predictable and expected based on established research on research methodology. However, users of this survey data should keep the following in mind, and use caution, when comparing this year's data to prior waves:

- Online respondents have a greater tendency to use the midpoints of a scale than phone respondents. For example, more phone respondents select "very confident," while online respondents more often select "somewhat confident." In examining trended RCS data, the combination (net) of very and somewhat responses often remained consistent with prior years, but the share saying "very" often declined.

- The availability of "don't know" responses is different in an online survey than a phone survey. Unlike in a phone survey when "don't know" responses are accepted only when volunteered, in the online survey, a "don't know" response was present on the screen for many questions. As a result, online respondents are notably more likely than phone respondents to select the "don't know" response. To mitigate the impact of this in the RCS trend data, some questions were re-based to exclude those who selected "don't know" this year as well as those who volunteered "don't know" in prior years.

- There is a tendency for phone respondents to provide more socially desirable or socially acceptable answers about their behavior, whereas researchers believe the greater anonymity of an online survey allows respondents to provide more honest, less flattering responses. The EBRI and Greenwald & Associates research teams believe this had an impact on some key questions about current savings behavior, such as the share saying they are currently saving for retirement or have tried to calculate how much money they need for retirement.

Starting with the 2001 wave of the RCS, all data are weighted by age, sex, and education to reflect the actual proportions in the adult population. Data for waves of the RCS conducted before 2001 have been weighted to allow for consistent comparisons; consequently, some data in the 2017 RCS may differ slightly with data published in previous waves of the RCS. Data presented in tables in this report may not total to 100 due to rounding and/or missing categories.

In theory, the weighted samples of 1,082 workers and 589 retirees yield a statistical precision of plus or minus 3.0 percentage points for workers and 4.1 percentage points for retirees (with 95 percent certainty) of what the results would be if all Americans ages 25 and older were surveyed with complete accuracy. There are other possible sources of error in all surveys, however, that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

The RCS was co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization; and Greenwald & Associates, a Washington, DC-based market research firm. The 2017 RCS data collection was funded by grants from a number of public and private organizations, with staff time donated by EBRI and Greenwald & Associates. RCS materials and a list of underwriters may be accessed at the EBRI website: www.ebri.org/surveys/rcs

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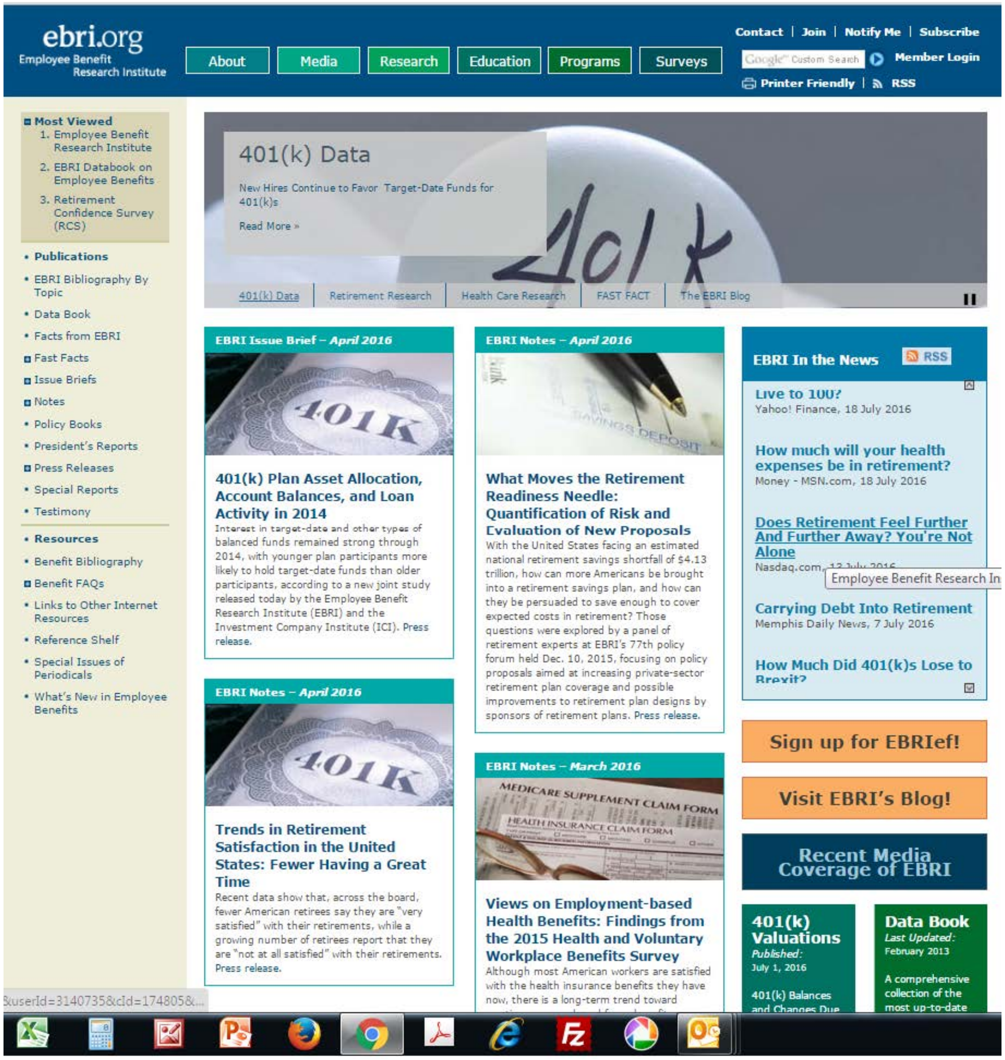

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Issue BRIEF

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