

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 ages 25 or older. The survey included 1,507 workers and 1,510 retirees — which includes 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, gender, 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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Key Findings

Confidence in being able to live comfortably in retirement remains high and steady despite an unprecedented year.

Workers' confidence in their ability to live comfortably in retirement remains high overall. Over 7 in 10 are at least somewhat confident, including 3 in 10 who are very confident.

Retirees also remain confident they have enough money for a comfortable retirement, with 8 in 10 confident they will have enough money to live comfortably throughout retirement, including 1 in 3 who are very confident.

The past year has taken a toll, but retirement confidence appears resilient. Half of workers and 7 in 10 retirees say the pandemic has not changed their confidence in achieving a secure retirement. Still, a third of workers and a quarter of retirees say it's made them somewhat or significantly less confident they will have enough to live comfortably throughout retirement. About 1 in 10 workers and 1 in 20 retirees feel *significantly less* confident.

Comparable to the share who say their confidence has lessened, 3 in 10 workers say the pandemic has negatively impacted their ability to save for retirement, due to reduced hours, income, or job changes (see Figures 1–5).

7 in 10 workers | **8 in 10** retirees
confident in having enough for a comfortable retirement

COVID Impact on Confidence

Less confident
34% workers
23% retirees

15% workers
5% retirees
More confident

Key Findings

Some workers feel less confident, especially those who experienced income or job loss over the past year.

4 in 10 workers report that their household experienced income or job loss in the past year, and half of those who had this negative experience report feeling less confident they will have enough money for a comfortable retirement (compared with a third of workers overall who feel less confident and a quarter of those who did not experience income or job loss).

While a majority still feel optimistic, workers who experienced income or job loss (68%) are less likely to describe themselves as very or somewhat confident that they will have enough money for retirement, compared with 75% of those who did not experience this.

6 in 10 workers who experienced income or job loss say the pandemic has had a negative impact on their ability to save for retirement, compared with just 1 in 8 among those who did not. Though majorities still lean toward confidence, these workers are less likely to feel confident that they are doing a good job preparing for retirement or that they will have enough to last their entire life. 3 out of 4 workers who experienced income loss feel stressed about preparing for retirement, compared with just half who haven't had the same experience (see Figure 6 and Fact Sheet #9).



Debt weighs heavier on workers who experienced income or job loss.

6 in 10 workers who experienced income or job loss feel they could handle a sudden, emergency expense, lower than the three-quarters who have not had the same type of financial loss.

Workers who experienced income or job loss are more likely to call their debt level a major problem, with more than 7 in 10 saying this compared with closer to 4 in 10 among those who did not experience income or job loss.

Similarly, 7 in 10 in this group feel debt is negatively impacting their ability to save for emergencies, and 6 in 10 feel debt is negatively impacting their ability to save for retirement.

Key Findings

Few say other financial goals are more important than saving for retirement, but for some, competing financial priorities have a negative impact.

Only a third of workers and a quarter of retirees agree that retirement savings is *not a priority* relative to other needs of their family. However, 4 in 10 workers say that saving for or paying off a child's college education reduces the amount they can save for retirement, and another 4 in 10 say that debt is negatively impacting their ability to save for retirement.

More than half of workers and a third of retirees call debt a major or minor problem for their household. Half of workers say their non-mortgage debt negatively impacts their ability to save for retirement in general and 4 in 10 say it negatively impacts their ability to participate in a workplace retirement plan.

Notably, 4 in 10 workers and 2 in 10 retirees say they don't know who to go to for financial and retirement planning advice. Many turn to non-professional sources, like family and friends (35% of workers and 22% of retirees), or go online to do their own research (35% of workers and 25% of retirees).

Roughly a third of both workers and retirees currently work with a financial professional, though 4 in 10 workers who don't work with an advisor plan to work with one in the future. Workers generally seek advisors with expertise in their goals and experience with households of similar assets (see Figures 7–10).



58% workers disagree

"Retirement savings is not a priority relative to the current needs of my family"

4 in 10 workers

say saving for college or debt is negatively impacting their ability to save for retirement

Key Findings

Workers are satisfied with their workplace retirement savings plans, and most stayed the course with contributions and investments this past year.

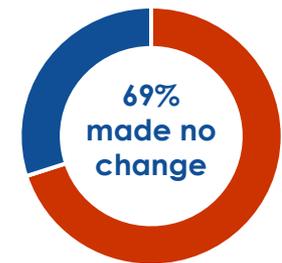
More than 4 in 5 workers who are offered a workplace retirement savings plan are satisfied with the benefit. Just 3 in 10 report having made changes to their plan in the past year. Among those who did, 6 in 10 say they increased the amount they contribute, while 1 in 4 each say they reduced or stopped contributions.

Roughly 2 in 10 workers who have saved for retirement say they have taken a loan, hardship distribution, or early withdrawal from their workplace retirement plan in the past 12 months.

About 4 in 5 plan participants say they are satisfied with the investment options available, although 3 in 10 (an increase from 22% last year) say they would like more options available. Similar shares say better explanations about whether they are on track for retirement or how much income their savings will produce would be helpful.

A quarter of workers offered a workplace retirement plan say adding more investment options designed for after retirement would be valuable, and three-quarters express some interest in putting a portion of their plan savings into an investment option that would provide guaranteed monthly income for life (see Figures 11–14).

Changes to Retirement Plan in Past 12 Months



Retirement Plan Satisfaction:

- 84% satisfied overall
- 78% satisfied with investment options
- 77% satisfied with online tools or calculators
- 75% satisfied with educational materials

Key Findings

Workers remain far more likely than retirees to cite their workplace DC plan as a source of retirement income.

While roughly 9 in 10 workers and retirees expect retirement income from Social Security, workers remain far more likely to expect to rely on their workplace defined contribution (DC) retirement plan as a source of income, with 83% who believe this will be a major or minor source of income in retirement, compared with just 46% of retirees. 3 in 4 workers expect income to come from their personal retirement savings or investments or from an individual retirement account (IRA), compared with two-thirds of retirees who get income from personal savings and 55% who receive income from an IRA.

Retirees remain consistent in their reported sources of income in retirement. Following Social Security and personal savings as the most common sources of income, 6 in 10 retirees rely defined benefit or traditional pension plans. Indicative of substantial retirement plan confusion, nearly as many workers expect pension income in retirement and 4 in 10 report that they or their spouse has a pension.

The share of retirees who say they receive income from a product that guarantees monthly income for life, such as an annuity, has decreased from 36% last year to 30% who say it is a major or minor source of income for them. Half of workers expect this type of product to be a source of income in retirement (see Figure 15).

TOP 5 Expected Sources of Income:

1. Social Security (87%)
2. DC plan (83%)
3. Personal savings (76%)
4. IRA (73%)
5. Work for pay (68%)

TOP 5 Actual Sources of Income:

1. Social Security (92%)
2. Personal savings (66%)
3. DB/pension plan (58%)
4. IRA (55%)
5. DC plan (46%)

Key Findings

Workers envision a transition to retirement that is misaligned with retirees' realities.

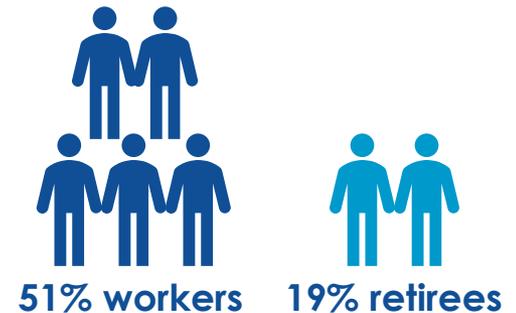
Consistent with prior years, the median retirement age among retirees is 62 years old, while workers' median expected retirement age is 65. The past year has caused about 1 in 4 workers to adjust the age at which they plan to retire, including 17% who now plan to retire later and 6% who plan to retire earlier.

However, this survey continues to demonstrate that nearly half of retirees retire earlier than they expected — most often because they felt they could afford to, because of a health problem or disability, or because of changes within their organization.

Half of workers expect to gradually transition to retirement. Only 19% of retirees report having a gradual transition, while 73% say their retirement was a full-time stop.

Similarly, and as in prior years, 72% of workers think they will work for pay in retirement, while only 30% of retirees report doing so. In addition, nearly 7 in 10 workers expect working for pay to be a source of retirement income — 68% expect this to be at least a minor source of income in retirement, compared with 23% of retirees who report this as an actual source of retirement income (See figures 15-19).

Expect/Had a gradual transition or reduction of hours leading to full-time retirement



Key Findings

Despite the challenges of 2020, retirees continue to report their lifestyle and expenses are as expected or better.

8 in 10 retirees report that their overall lifestyle — including traveling, spending time with family, or volunteering — is as expected or better. Nearly 3 in 10 say their retirement lifestyle is better than they expected. Despite a challenging and unprecedented year, these results are virtually identical to those measured pre-pandemic, in January 2020.

6 in 10 retirees say their overall expenses and spending in retirement are as expected and 1 in 8 say they're lower than expected. In fact, just 26% say spending and expenses are higher than an expected — a decrease from last year. 1 in 3 say their health care or dental expenses were higher than expected, which is comparable to last year.

When asked what their top priorities for discretionary spending in retirement are (aside from paying for necessities and routine bills), 4 in 10 retirees cite travel and a third cite spending on leisure or entertainment activities. Still, about 4 in 10 say they are holding money aside or investing for growth.

In a separate question, retirees are now more likely than they were last year to say they aim to increase their assets — 37% say their goal is to increase and only 1 in 20 plan to spend down their assets (see Figures 20–22).



3 in 10
retirees

say overall lifestyle in retirement is **better** than expected

37%

Retirees aiming to increase asset level

4%

Retirees planning to spend down

Key Findings

Confidence in Medicare — and Social Security — peaks in a year dominated by a global pandemic.

Three-quarters of retirees and two-thirds of workers feel confident they will have enough money to take care of medical expenses in retirement, an increase from 2020 among retirees.

Also up significantly from last year and reaching an all-time-high for both retirees and workers, 3 in 4 retirees and nearly 6 in 10 workers are confident that Medicare will continue to offer benefits of at least equal value to those received today.

Yet, health care costs continue to be a top concern for retirees. 1 in 3 retirees say their health and dental expenses were higher than expected, which is comparable to last year. Separate from spending on routine necessities and bills, 1 in 3 retirees say they continue to reserve money to ensure they have enough for health and long-term-care expenses.

Confidence in Social Security continuing to provide benefits of at least equal value to those received today also reached an all-time-high among both retirees (72%) and workers (53%) (see Figures 23–28).

Medicare Confidence

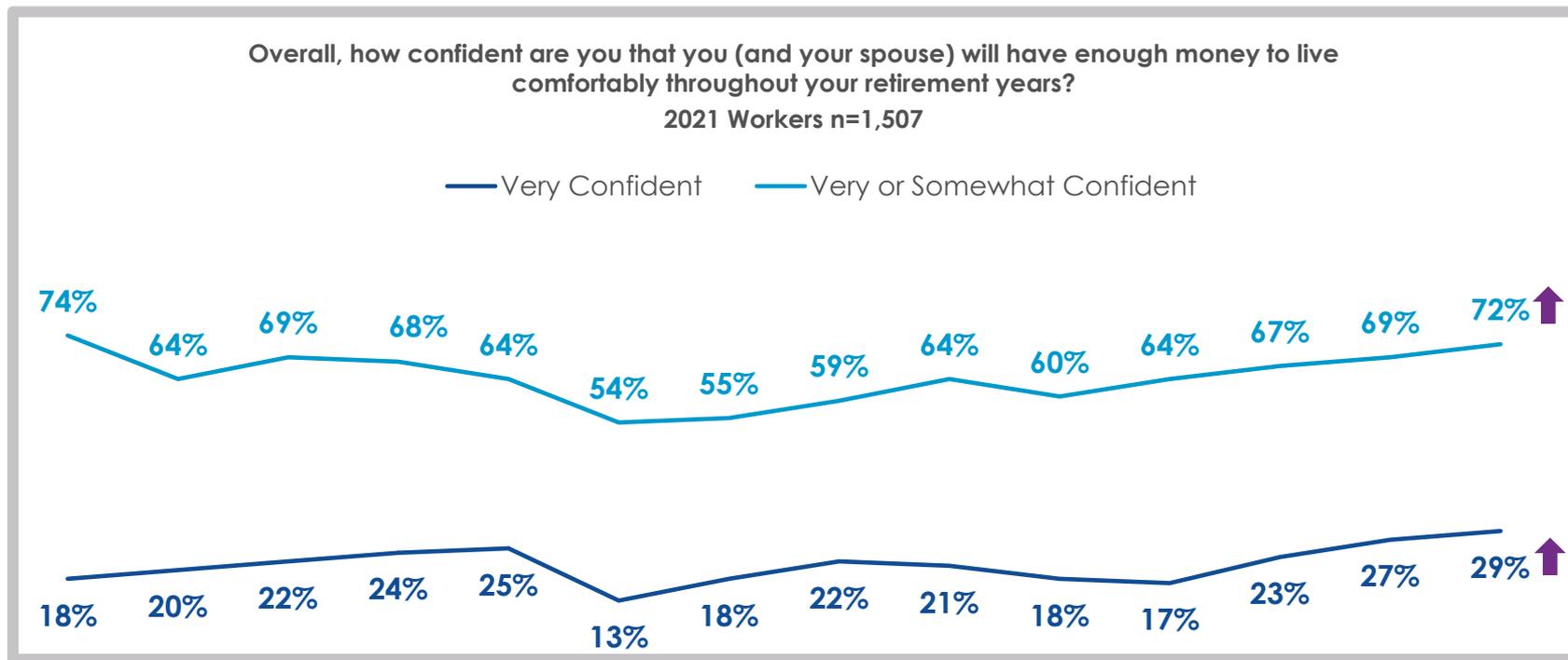


1 in 3 retirees

say health expenses are **higher** than expected and they hold money aside for future health care needs

Figure 1

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



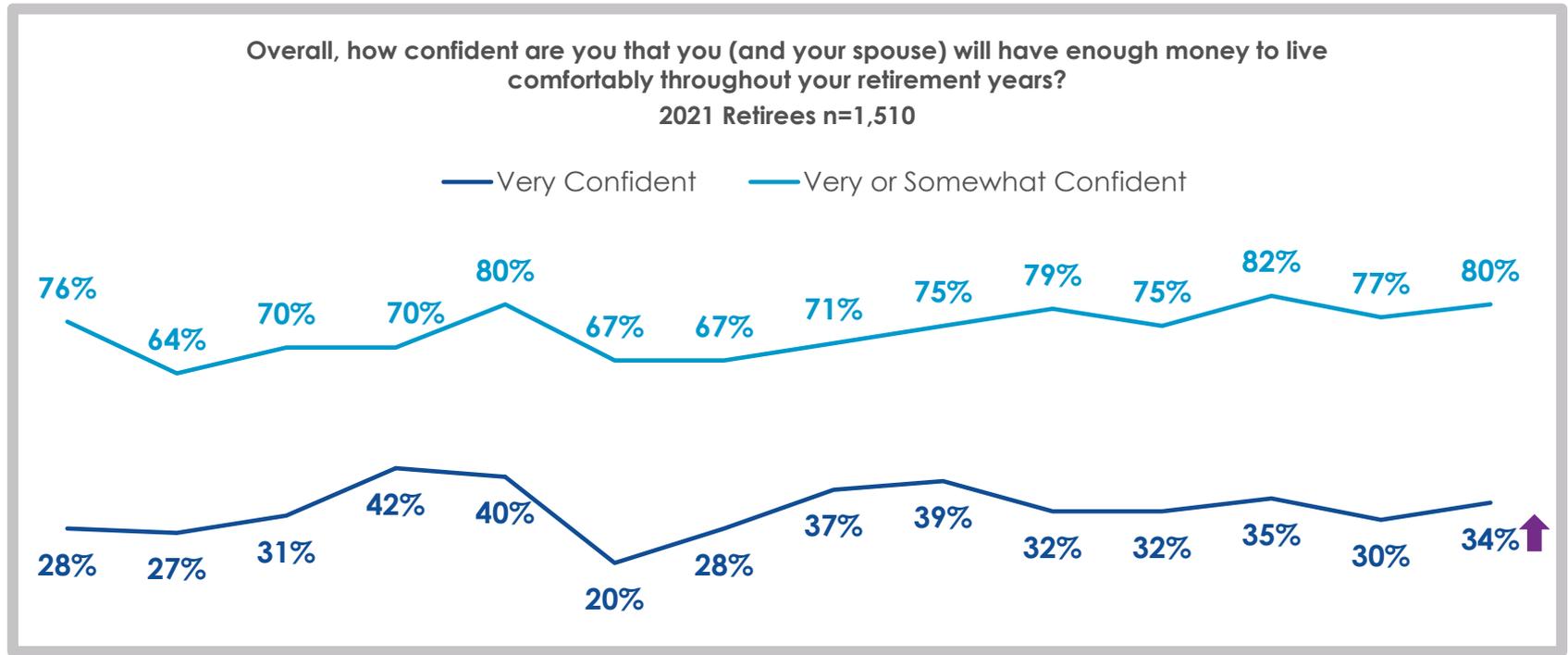
1993
↑
First year asked

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

Figure 2

8 in 10 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

Figure 3

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

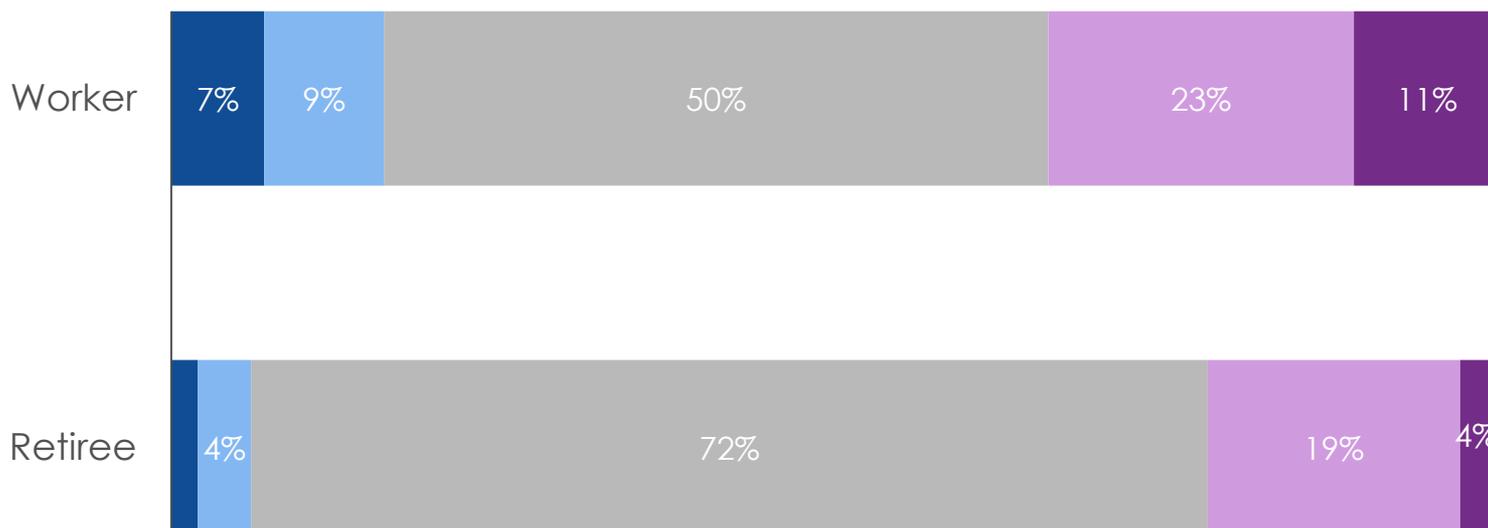


Figure 4

Who feels less confident?

These segments of the population are 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 Household Income (vs. 28% \$75k+)
49% <\$10k Household 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% With Less Than a College Degree (vs. 31% with BA or higher)
38% Women (vs. 30% men)

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 Household 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 Household 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)

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

Figure 5

1 in 3 workers say the COVID-19 pandemic has negatively impacted their ability to save for retirement.

How has the COVID-19 pandemic and related health concerns, business and school closures impacted your...?
Workers n=1,507

■ Major Negative Impact ■ Minor Negative Impact ■ No Impact/The Same ■ Positive Impact ■ Not Applicable/Refused

Ability to save for retirement because of reduced hours, reduced income, or job changes

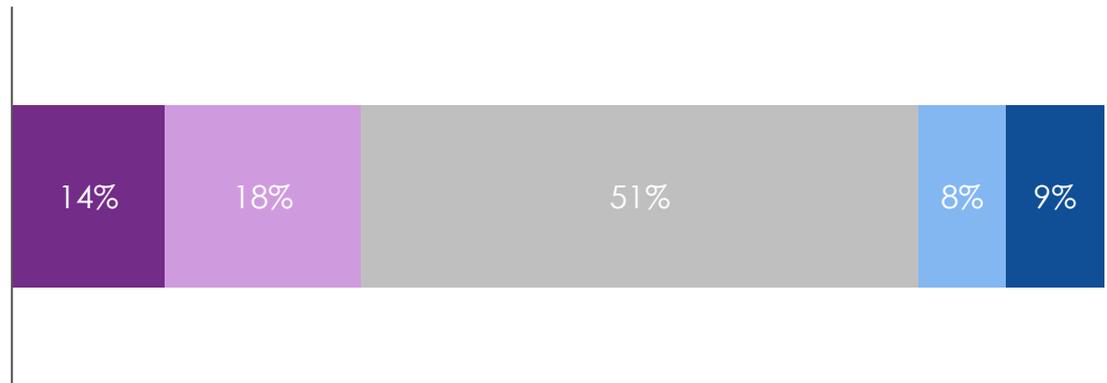
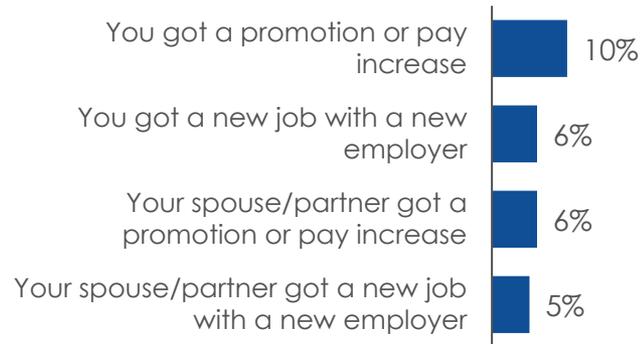


Figure 6

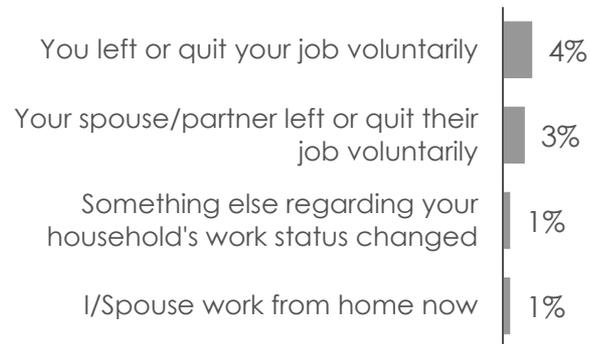
About 1 in 5 workers had their hours and/or pay reduced. 1 in 10 were furloughed, while an equal share got a promotion or pay increase.

Have any of the following work changes happened in your household since February 1st, 2020? Please select all that apply
Workers n=1,507

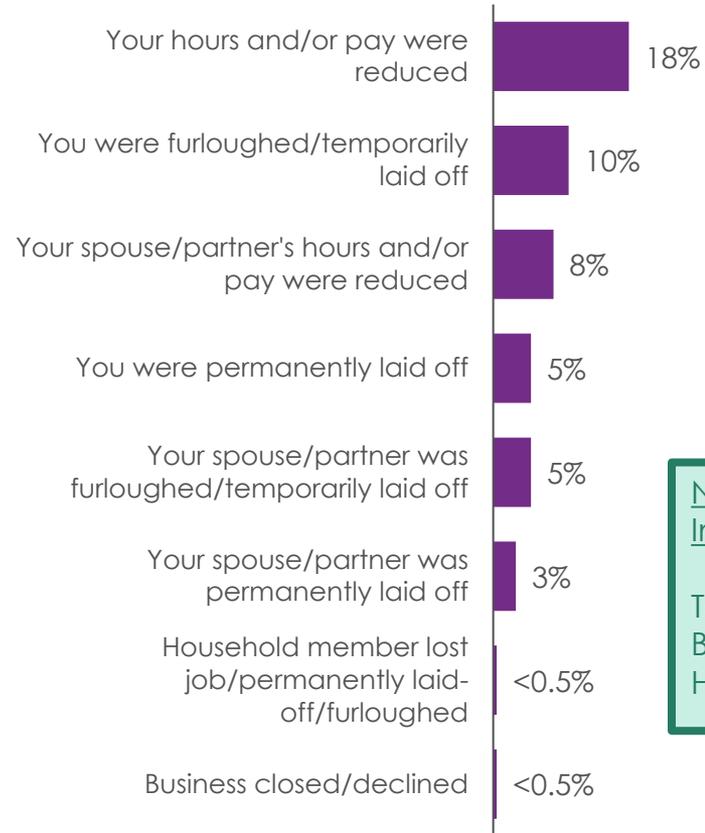
Net Positive: 21%



Net Neutral: 8%



Net Negative: 39%

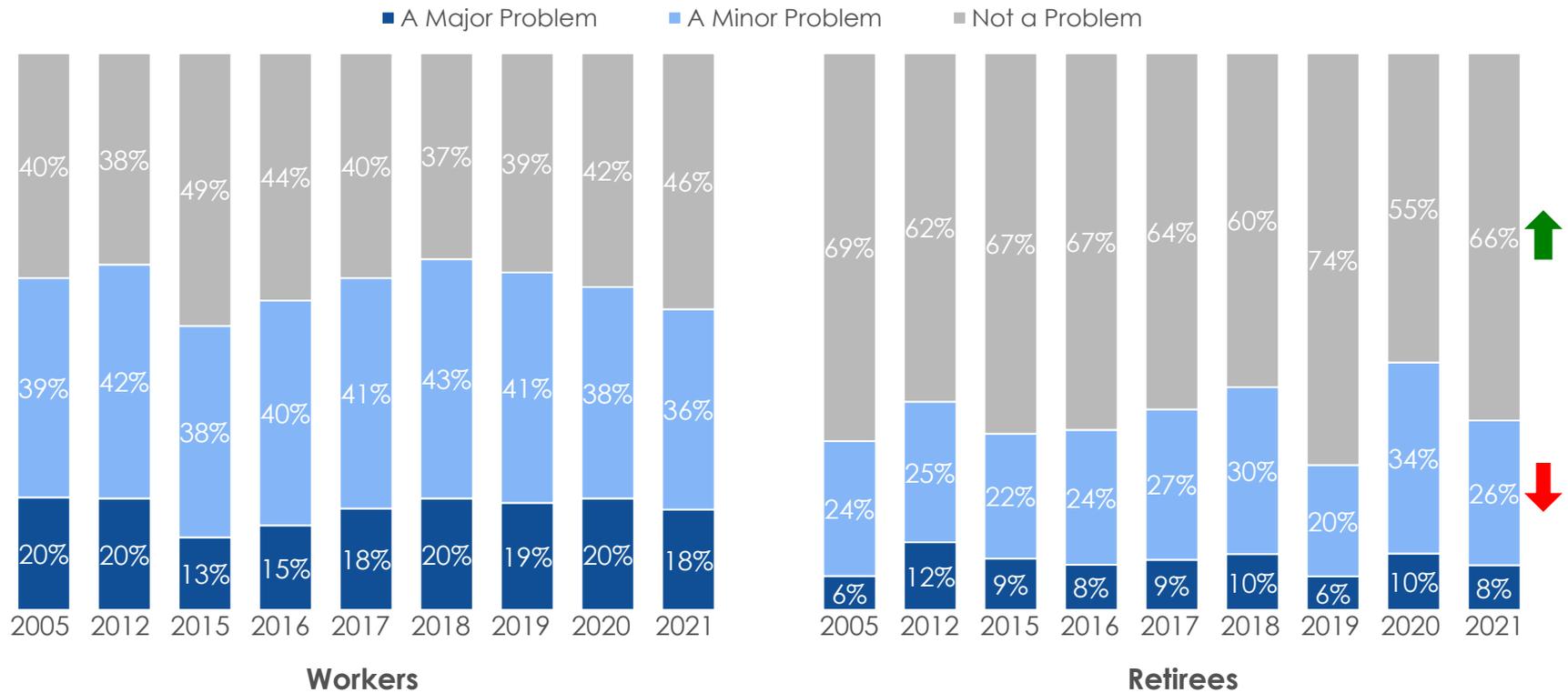


Net: No Negative Impact
Total: 61%
Black: 59%
Hispanic: 55%

Figure 7

More than half of workers say their debt level is a major or minor problem, while retirees are less likely to consider their debt to be a problem this year.

Thinking about your current financial situation, how would you describe your level of debt?
 2021 Workers n=1,507, 2021 Retirees n=1,510



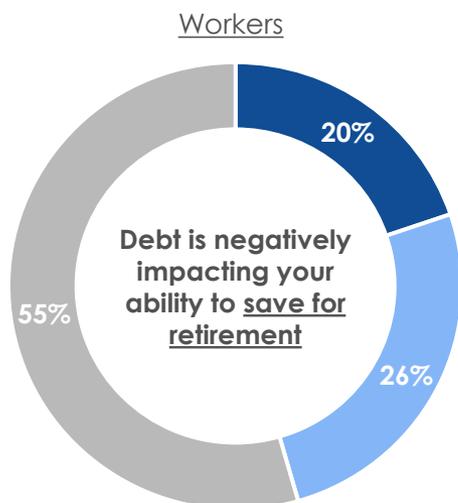
↑ = Up significantly from previous year
 ↓ = Down significantly from previous year

Figure 8

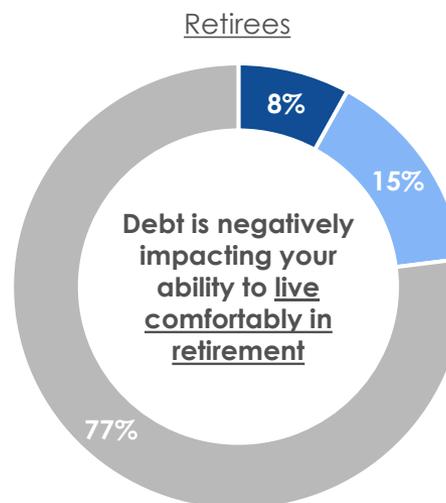
Close to half of workers say debt has negatively impacted their ability to save for retirement. 1 in 4 retirees say debt has impacted their ability to live comfortably in retirement.

To what extent do you agree or disagree with the following statements?
Workers n=1,507, Retirees n=1,510

■ Strongly Agree ■ Somewhat Agree ■ Disagree



45% Agree



23% Agree ↓

March 2020:

Strongly Agree: 11%
Net Agree: 29%

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

Figure 9

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

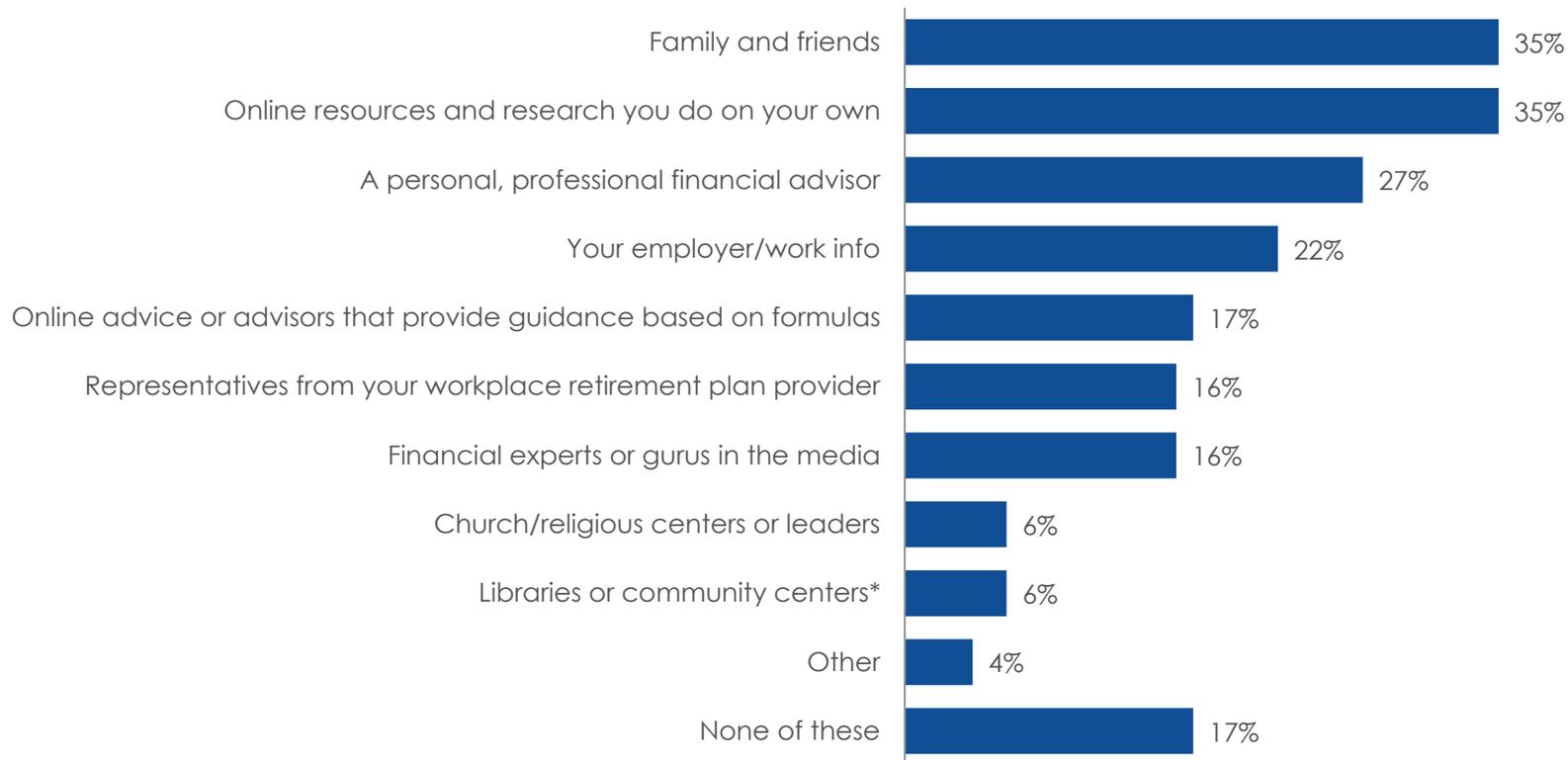


Figure 10

Roughly 1 in 3 workers and retirees currently work with a financial advisor. Close to 4 in 10 workers expect to do so in the future.

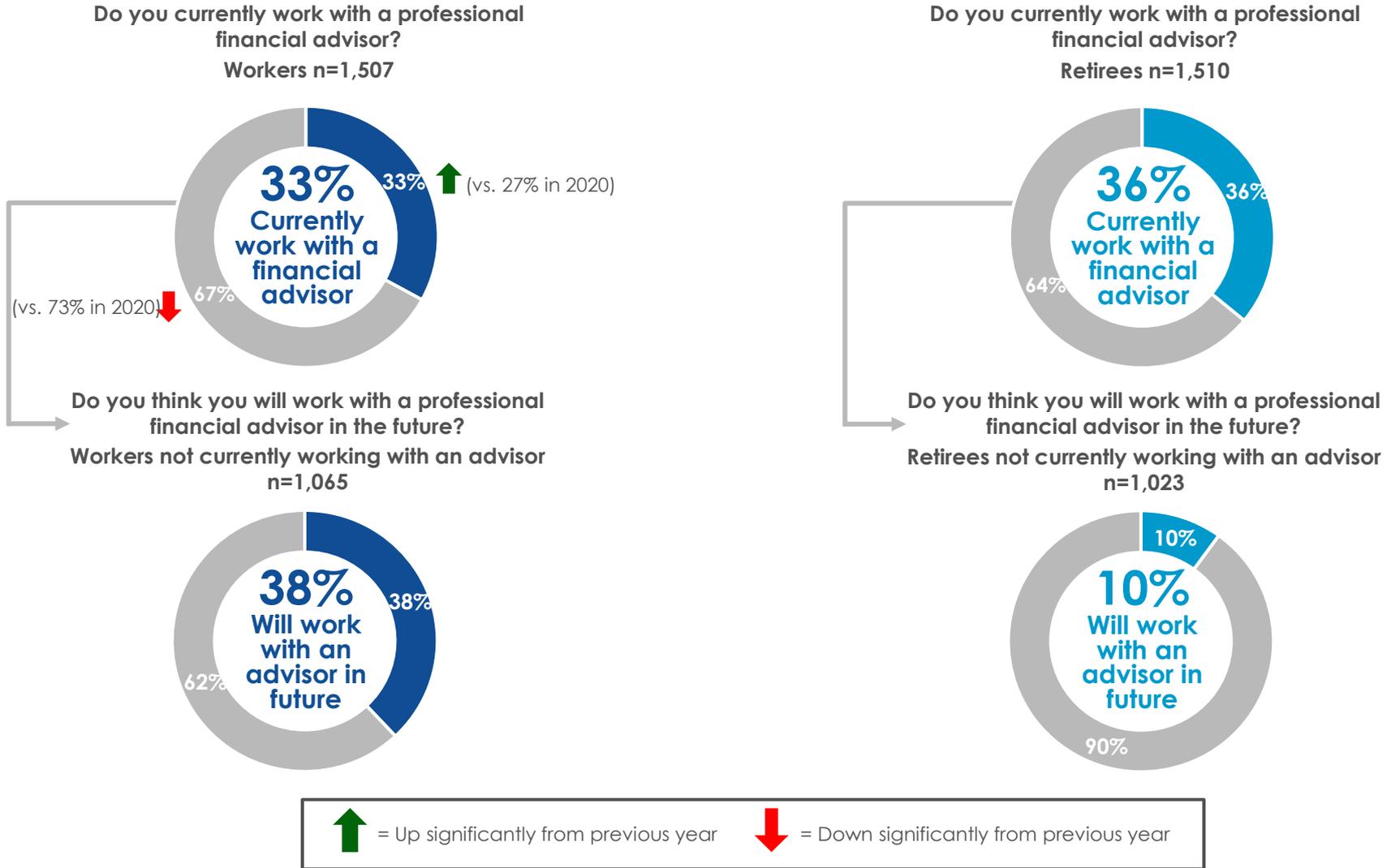
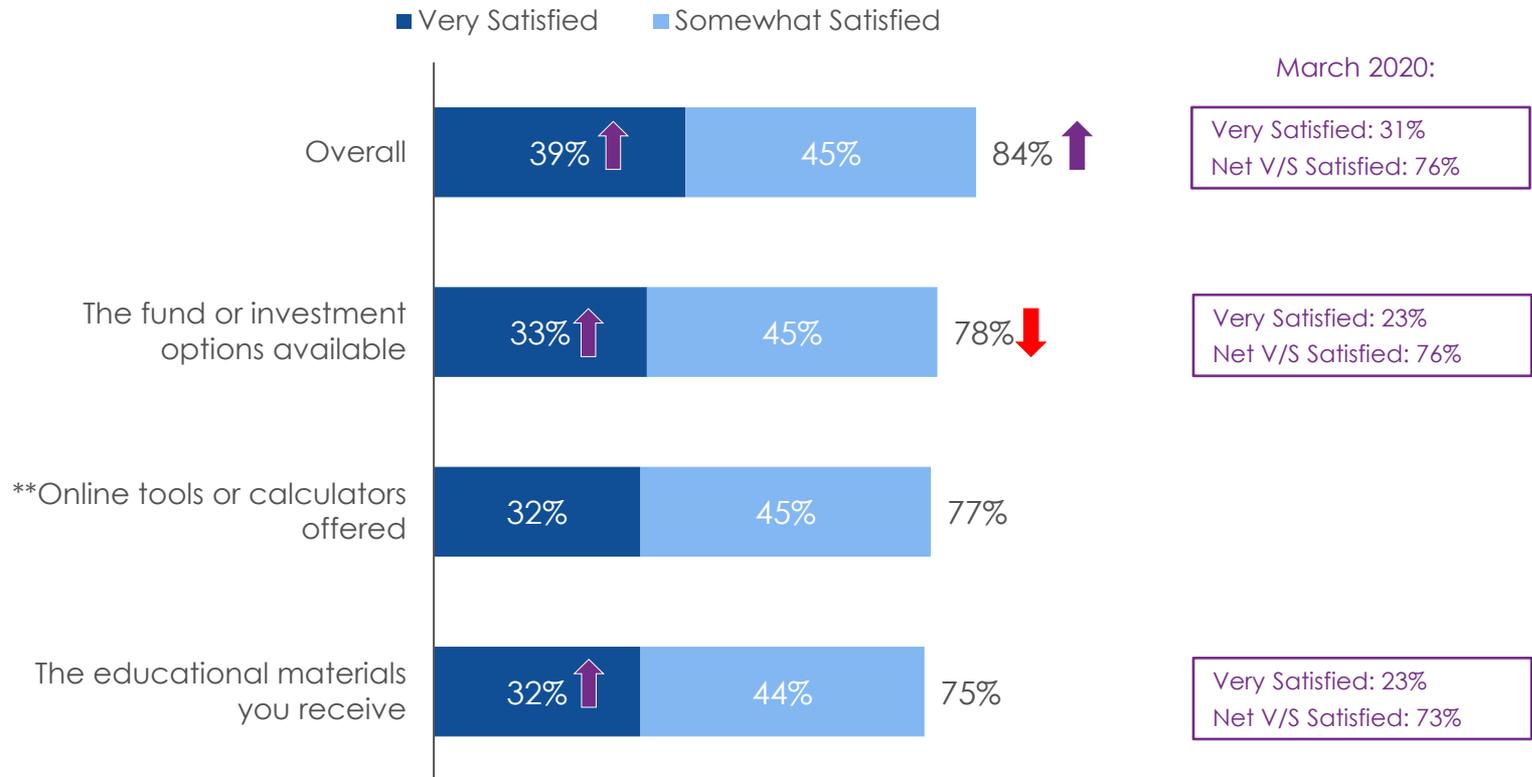


Figure 11

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

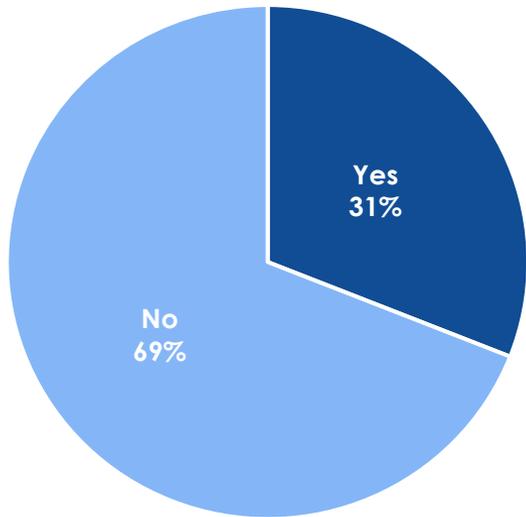
↑ = Up significantly from previous year ↓ = Down significantly from previous year
 ↑ = Up significantly from March 2020 ↓ = Down significantly from March 2020

Figure 12

3 in 10 workers made changes to their workplace retirement plan contribution since January 2020. Of this share, nearly 6 in 10 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



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

Workers who made changes to workplace retirement plan n=242

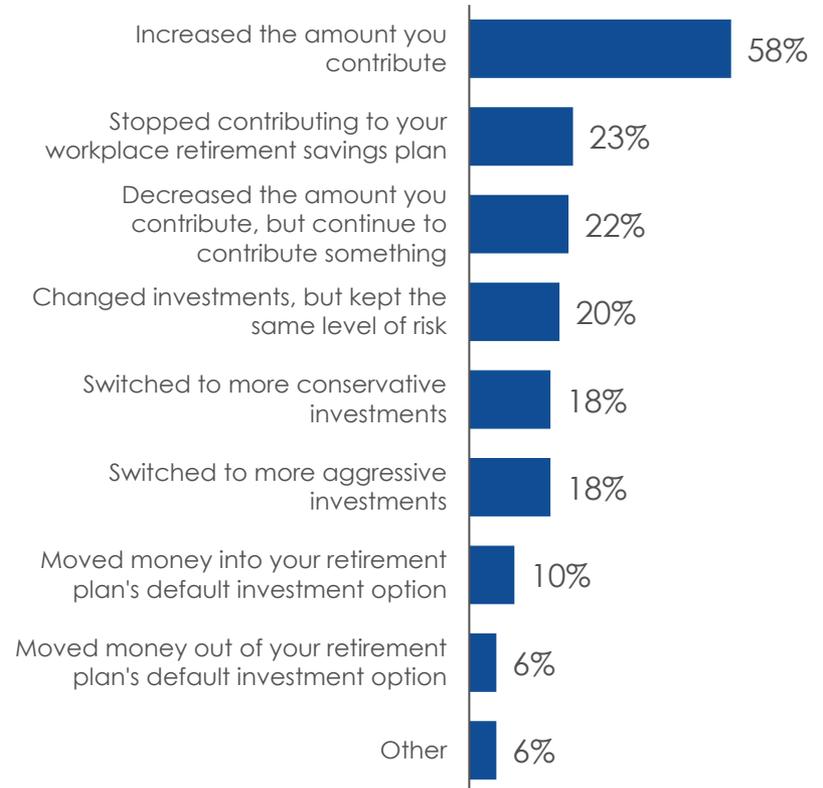


Figure 13

Roughly 1 in 10 workers who have saved for retirement report that they have taken some type of loan or withdrawal from their workplace plan in the past year.

Thinking about your workplace retirement savings plan(s), have you ever...?
Workers who saved for retirement n=968

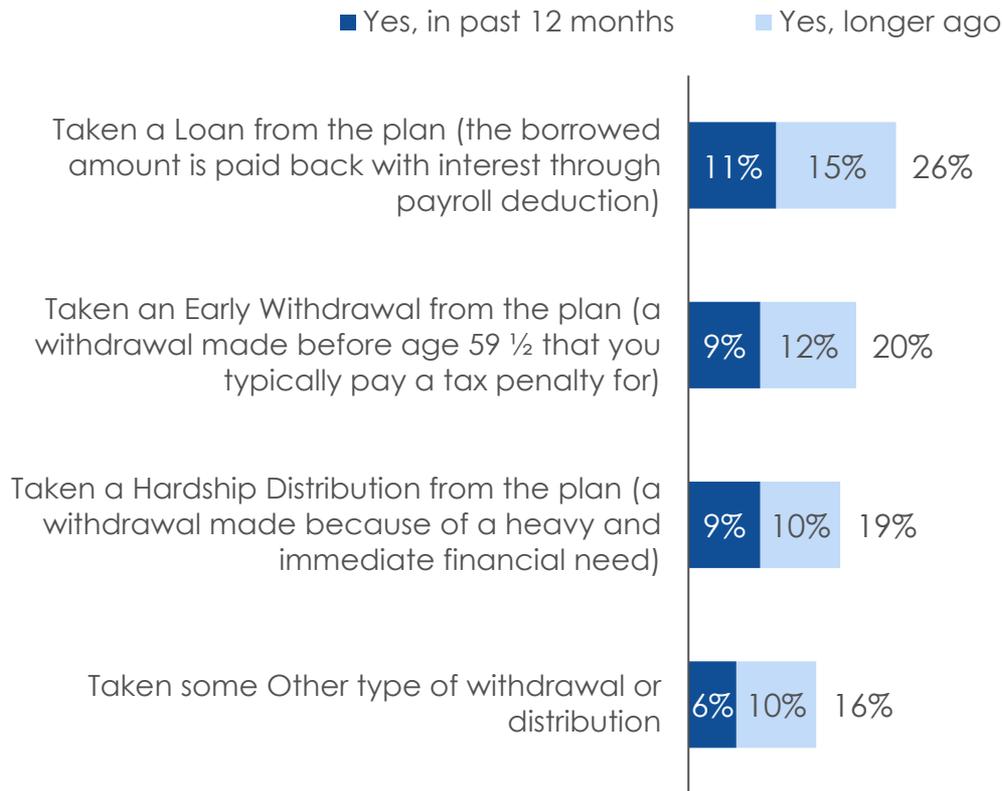
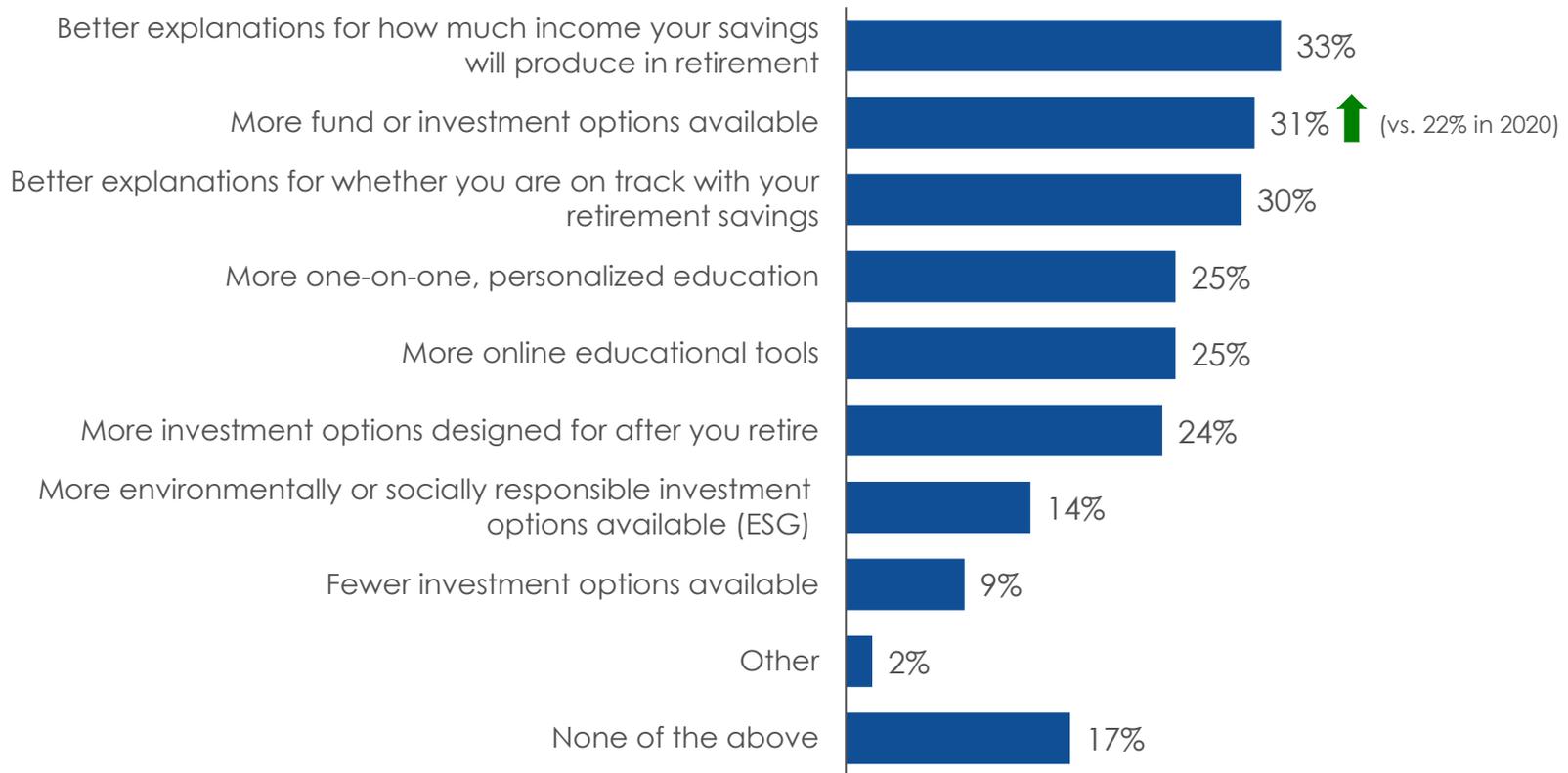


Figure 14

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



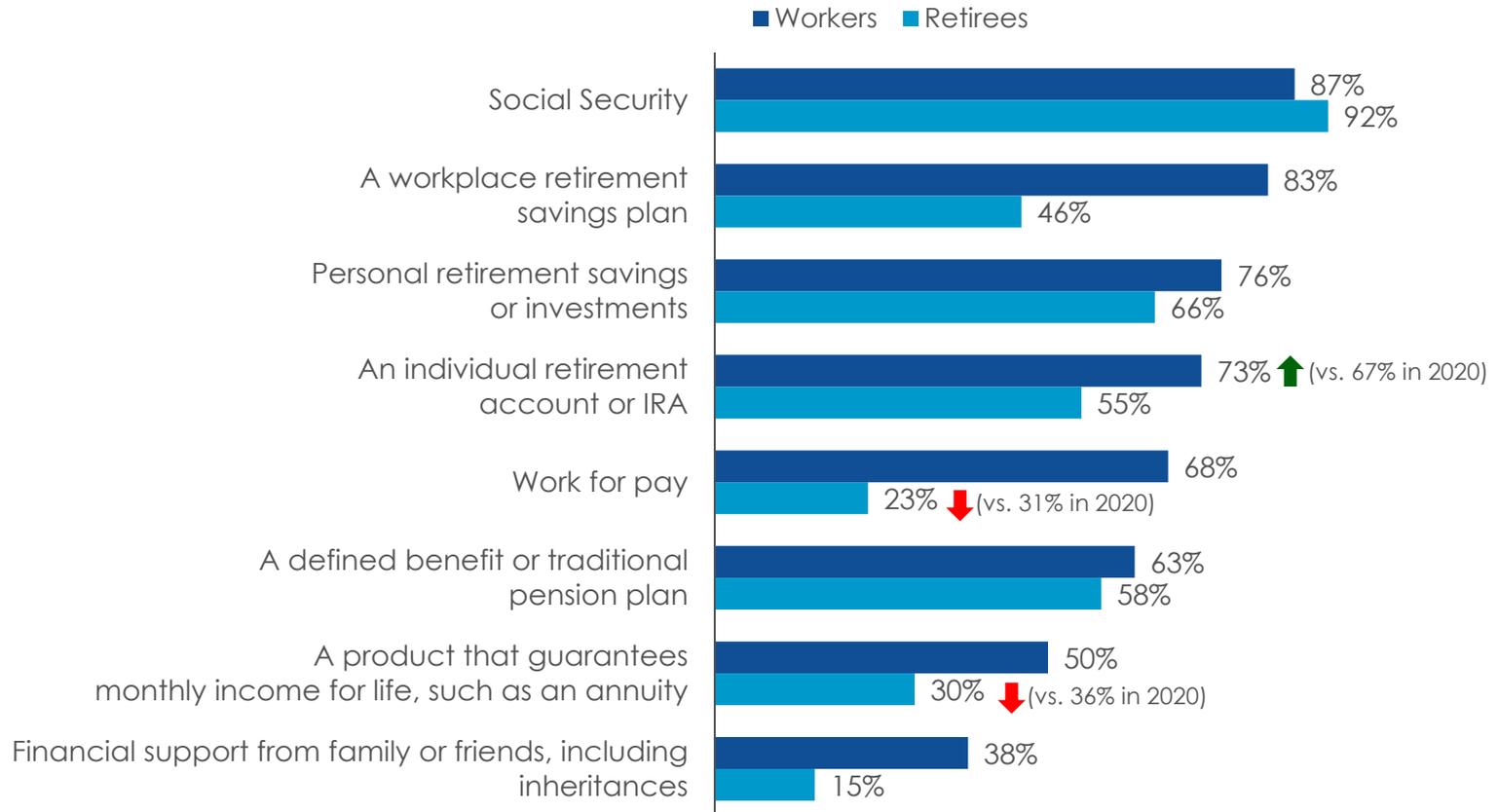
↑ = Up significantly from previous year ↓ = Down significantly from previous year

Figure 15

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

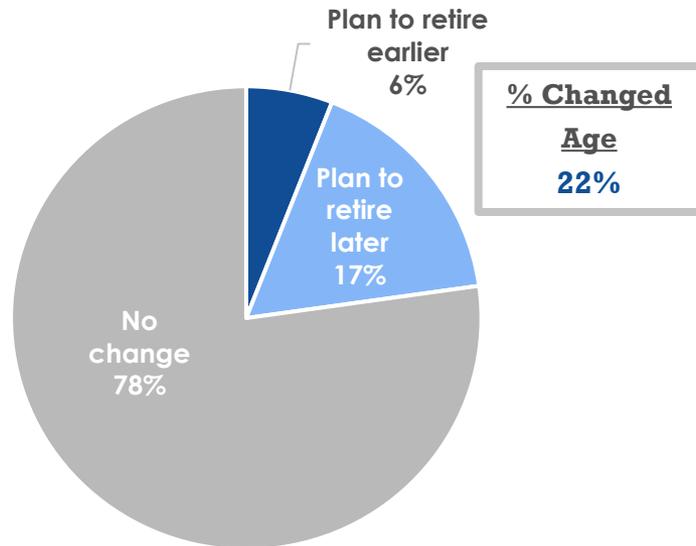


↑ = Up significantly from previous year
 ↓ = Down significantly from previous year

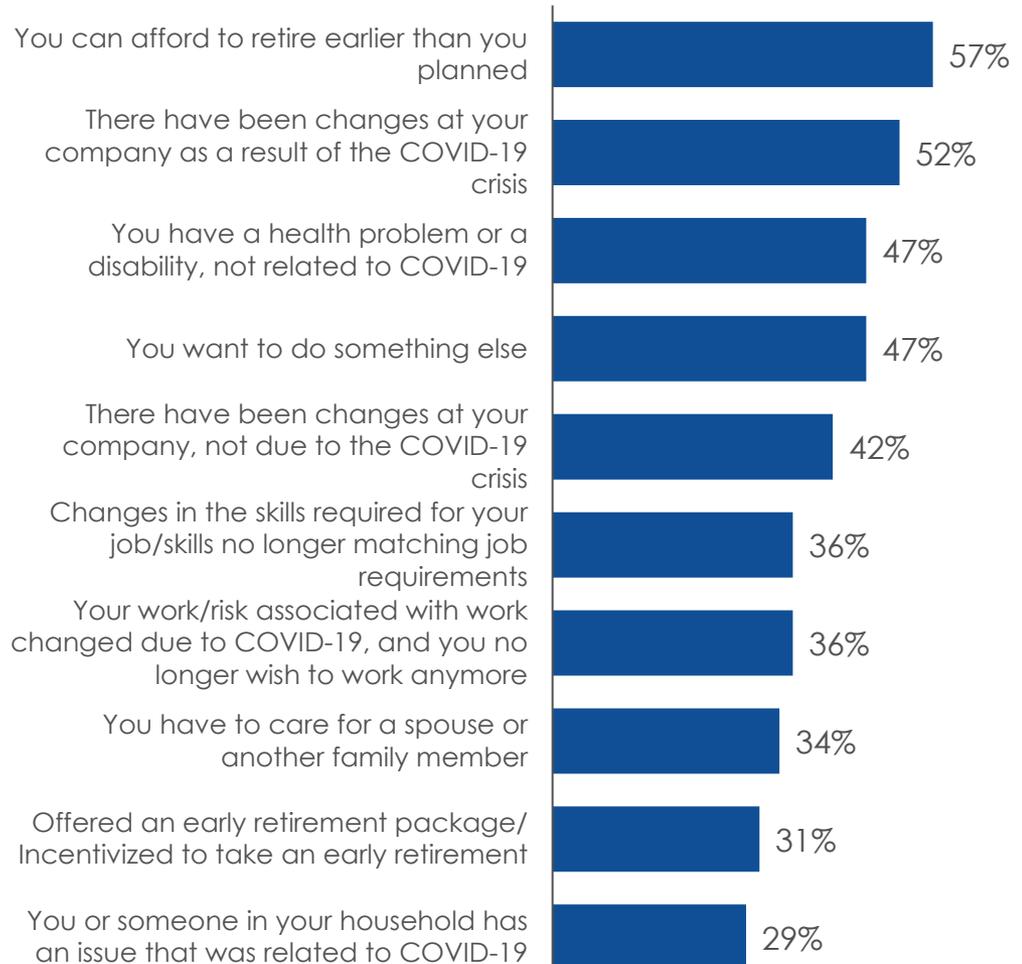
Figure 16

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 it is because 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



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

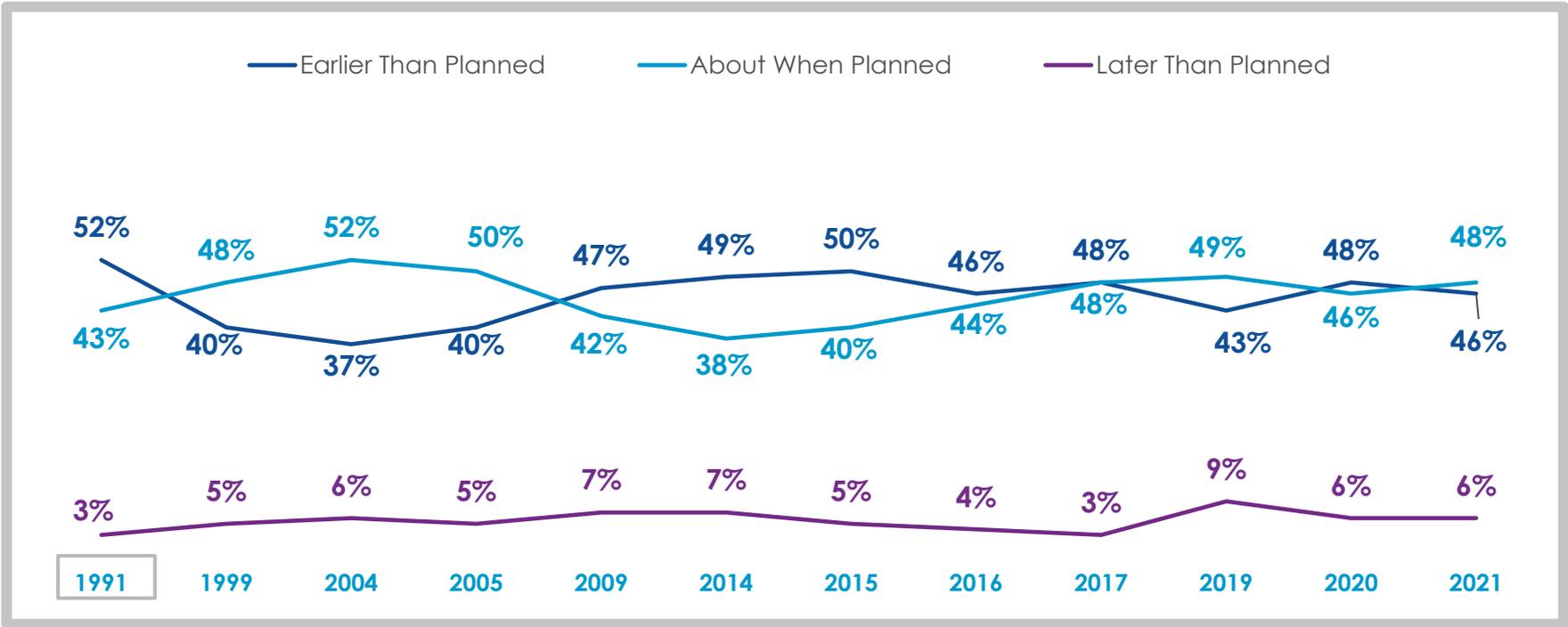


Hispanic workers (30%) are more likely to have adjusted their target retirement age than the average worker.

Figure 17

Nearly half of retirees say they retired earlier than expected.

Did you retire...?
Retirees n=1,510



↑
First year
asked

Figure 18

Half of workers believe they will gradually transition into retirement. However, 7 in 10 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

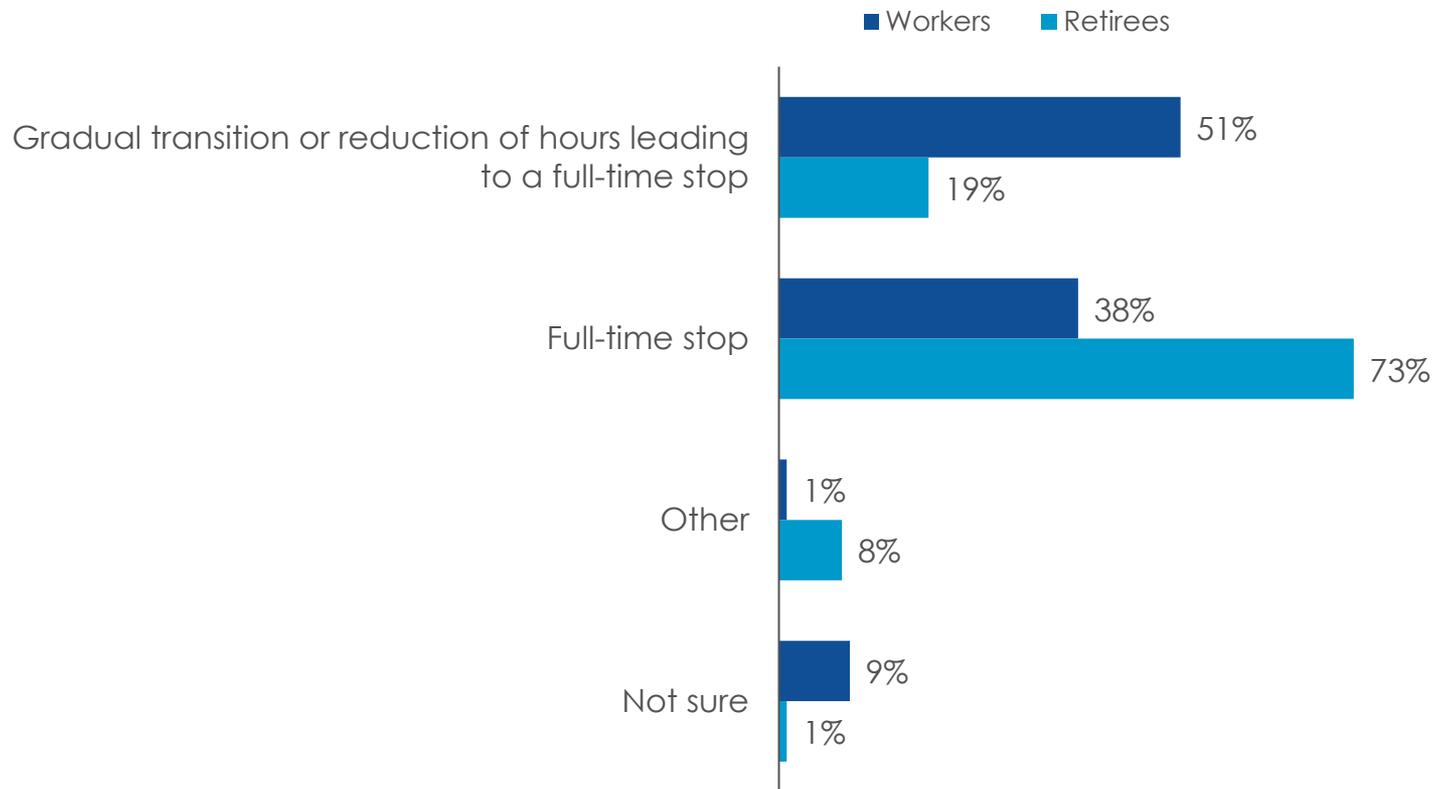
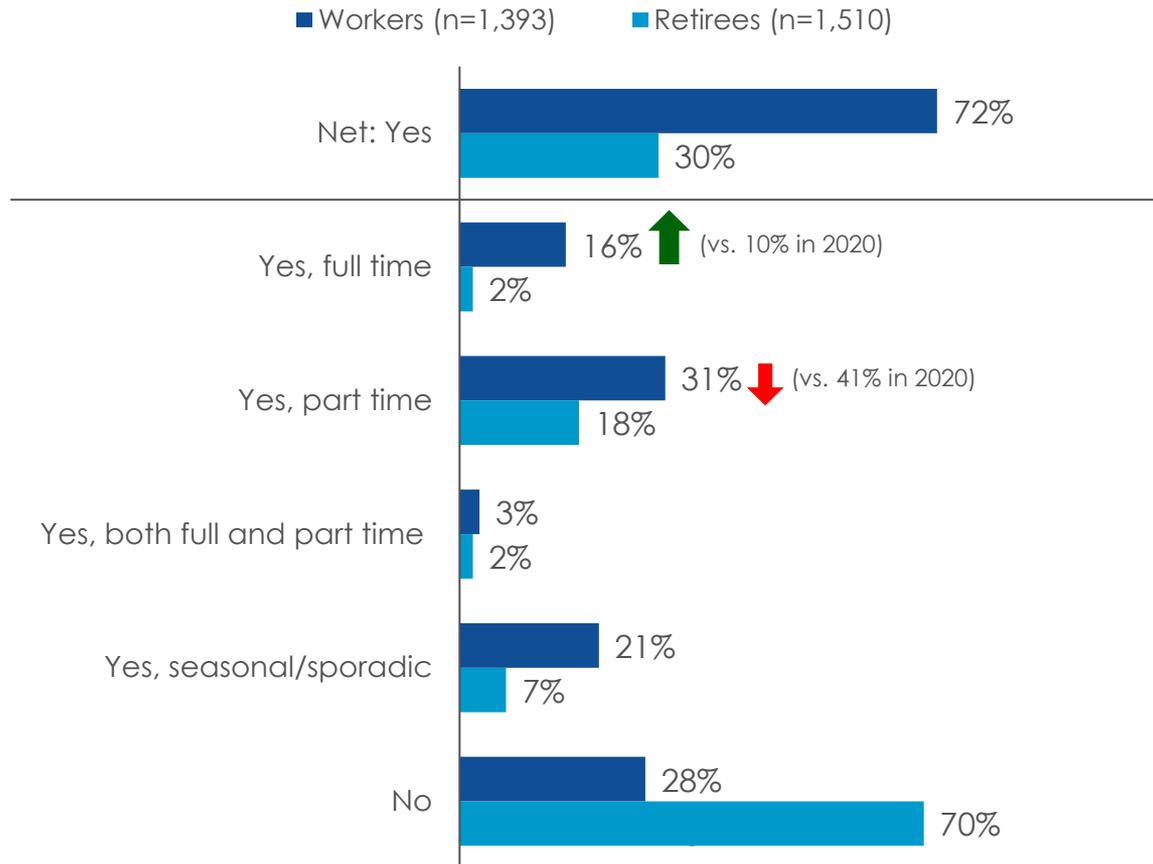


Figure 19

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

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

Figure 20

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

■ 2021 ■ 2020

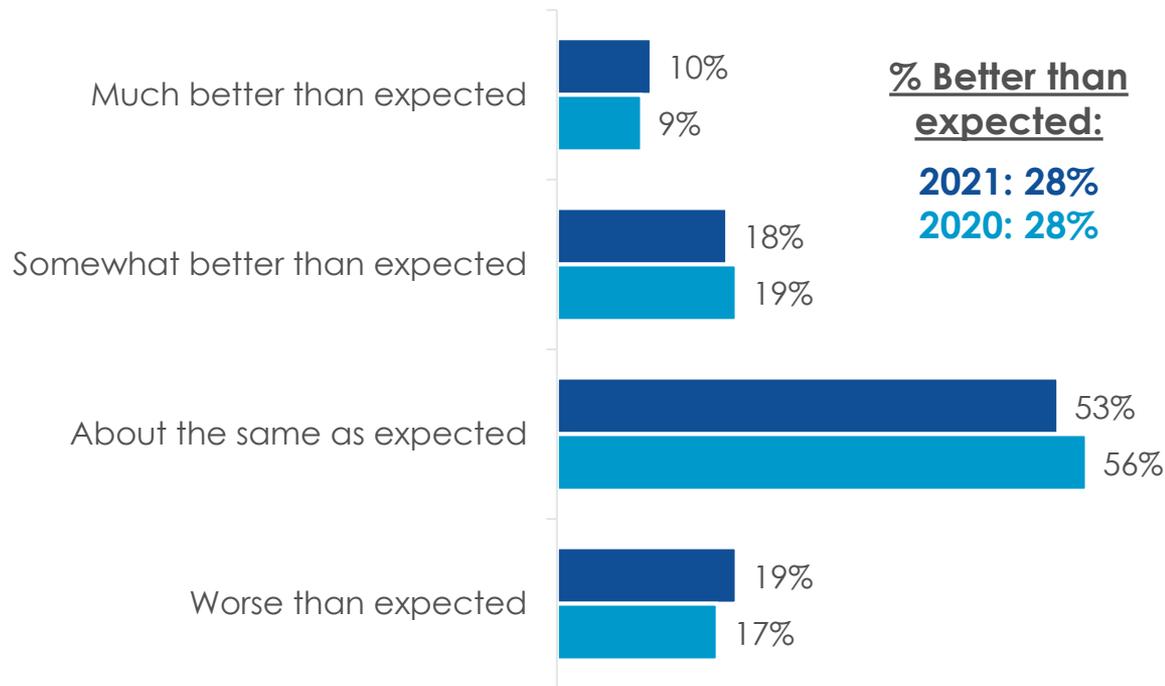


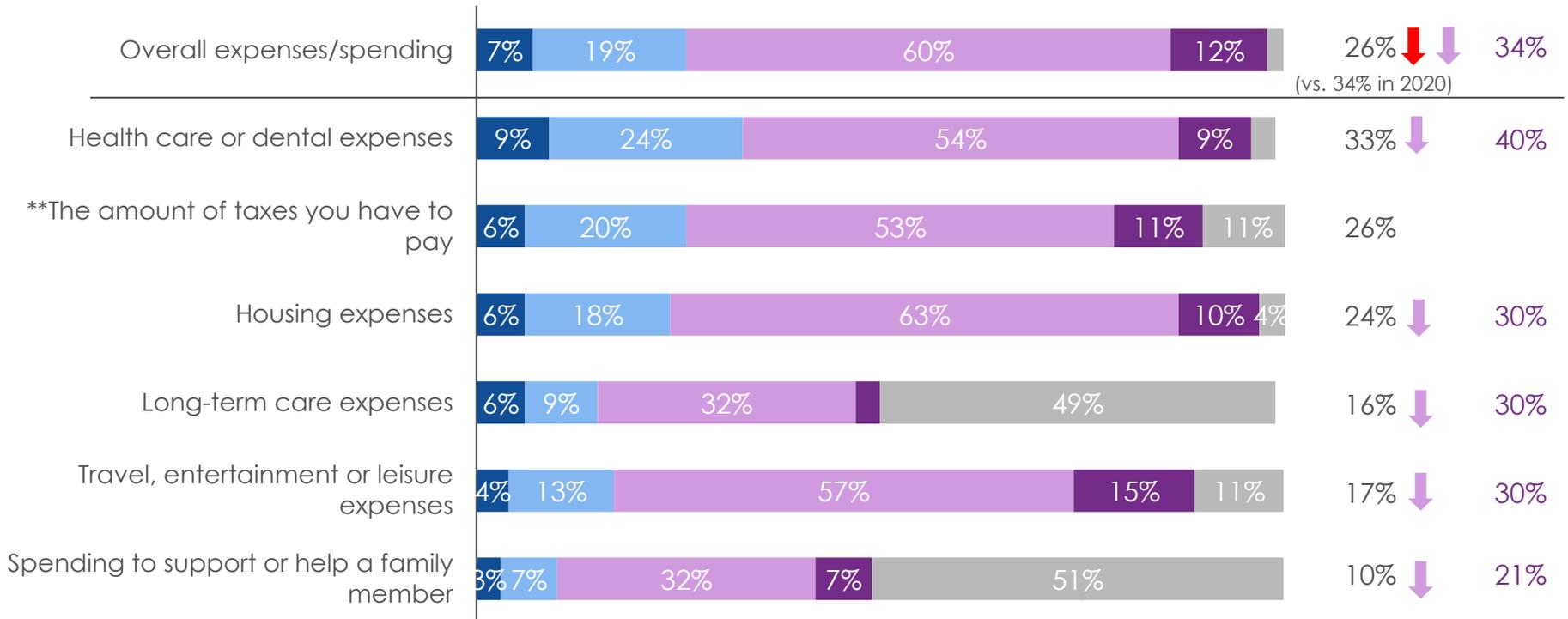
Figure 21

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

■ Much Higher Than Expected
 ■ Somewhat Higher Than Expected
 ■ About the Same
 ■ Lower Than Expected
 ■ Not Applicable/Refused
 NET: Higher Than Expected
 March: Higher Than Expected



**New-added in 2021

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

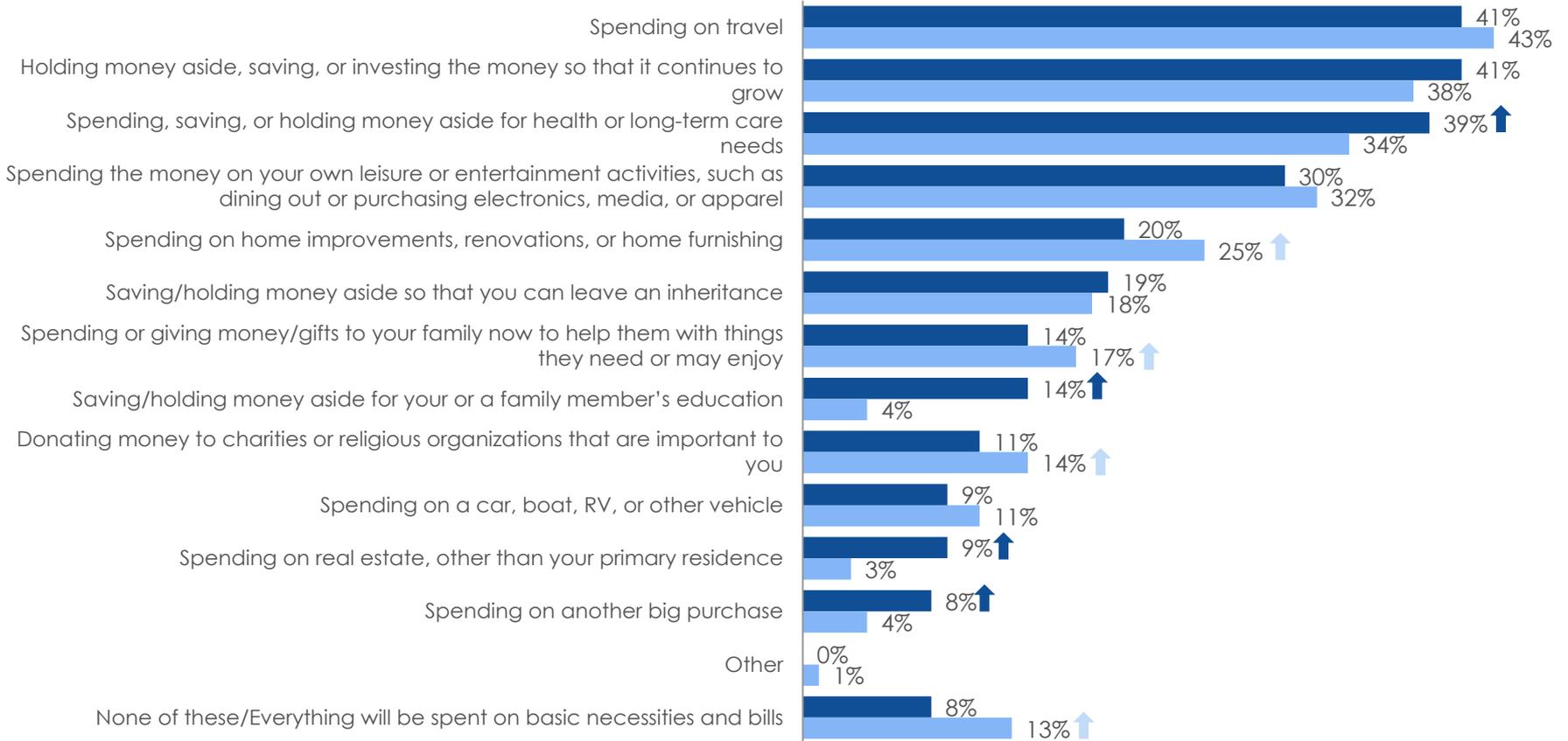
Figure 22

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

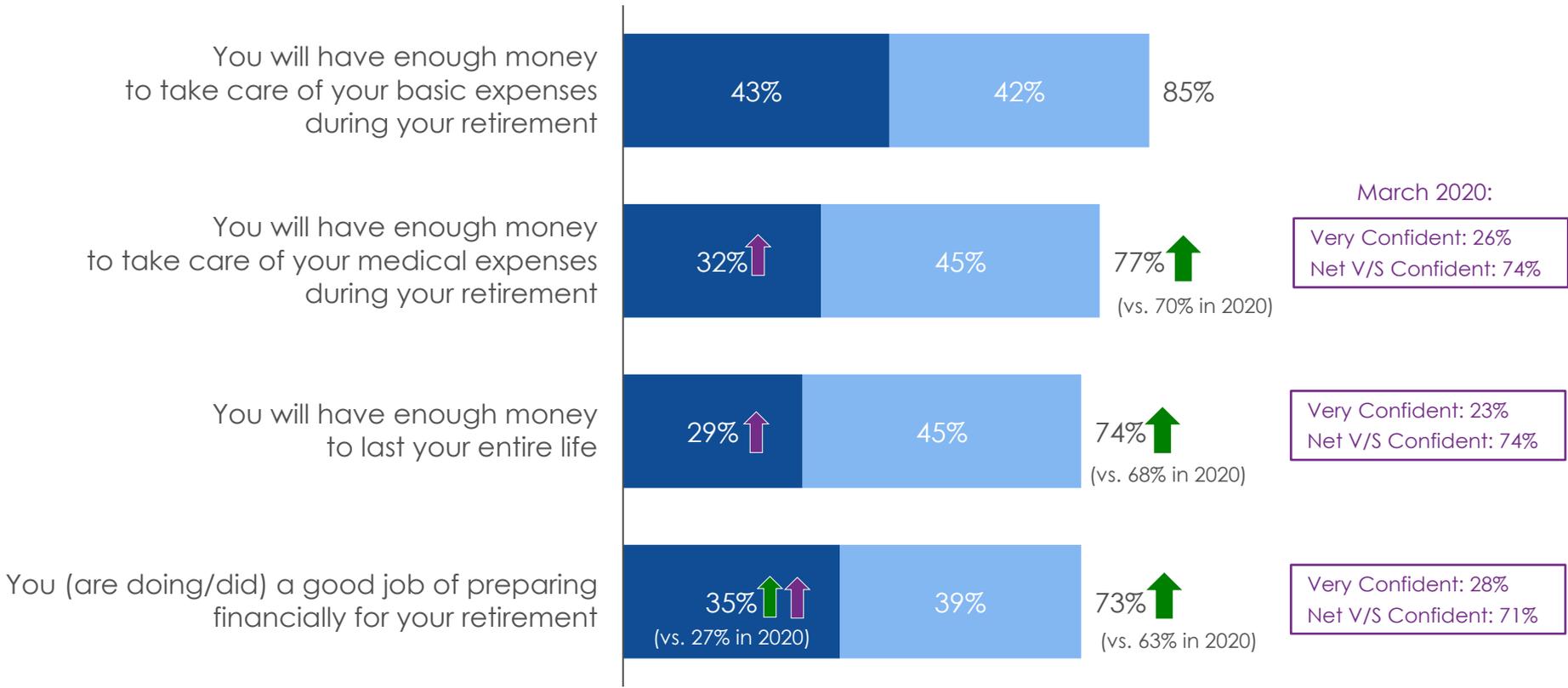
↑ = Significantly higher than retirees ↑ = Significantly higher than workers

Figure 23

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

Very Confident Somewhat Confident

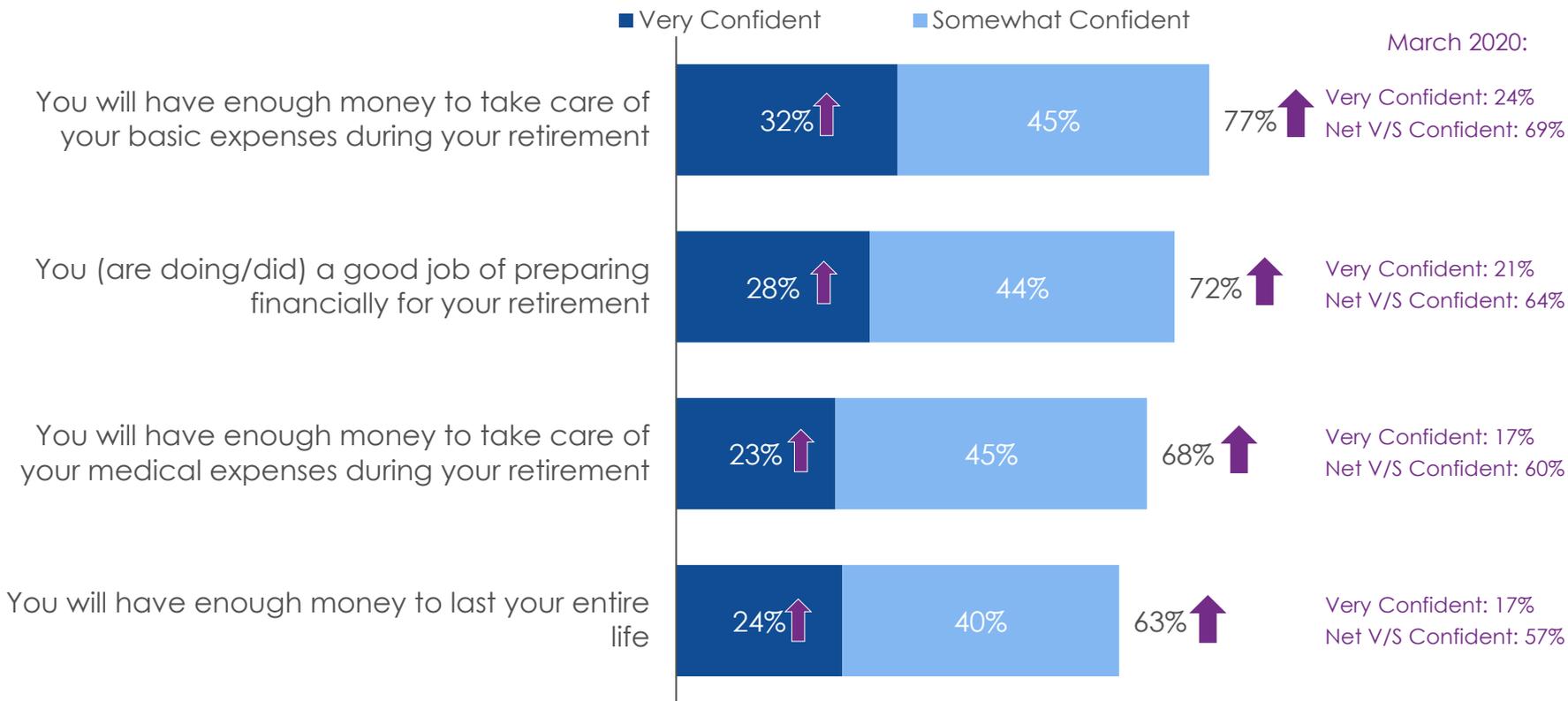


↑ = Up significantly from previous year ↓ = Down significantly from previous year
 ↑ = Up significantly from March 2020 ↓ = Down significantly from March 2020

Figure 24

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

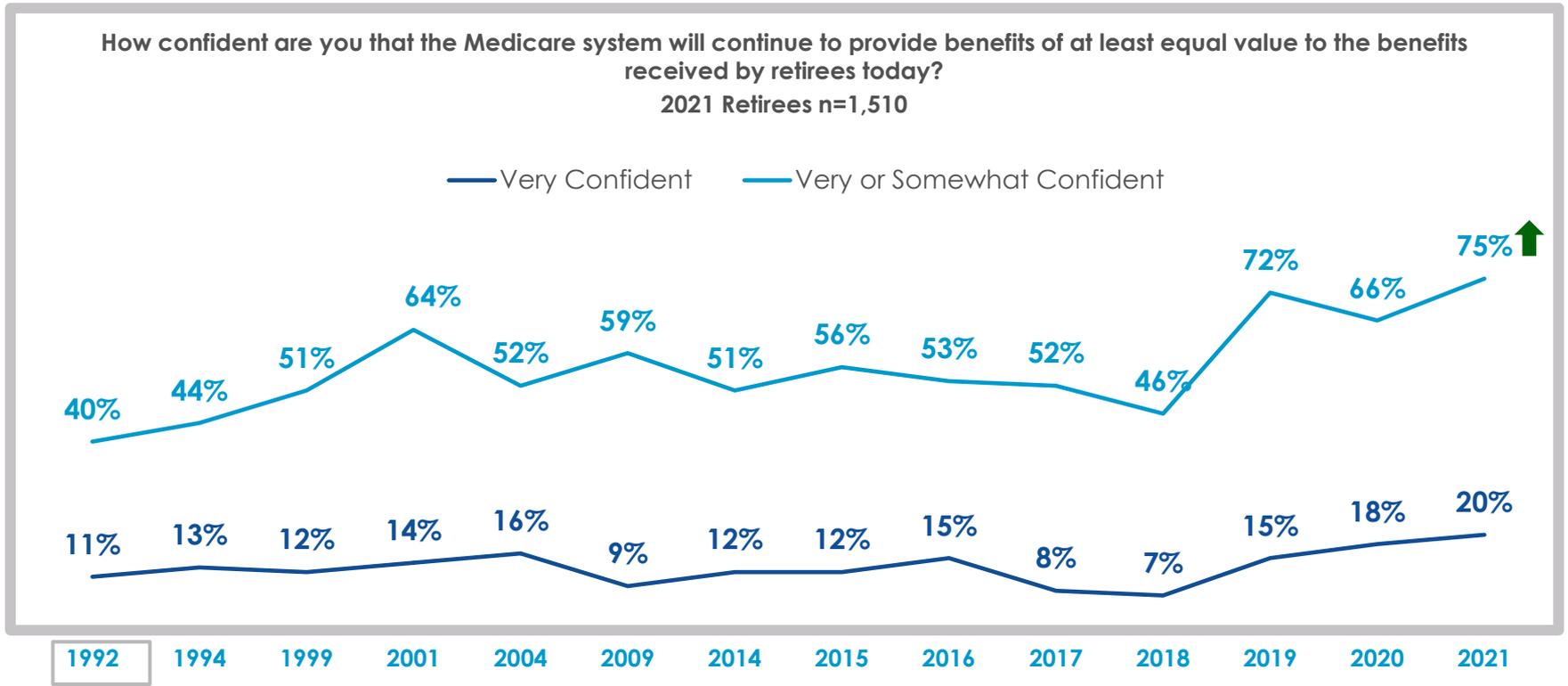
How confident are you (and your spouse) about the following aspects related to retirement?
Workers n=1,507



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

Figure 25

Compared to last year, retirees are more confident that Medicare benefits will be of at least equal value in the future.

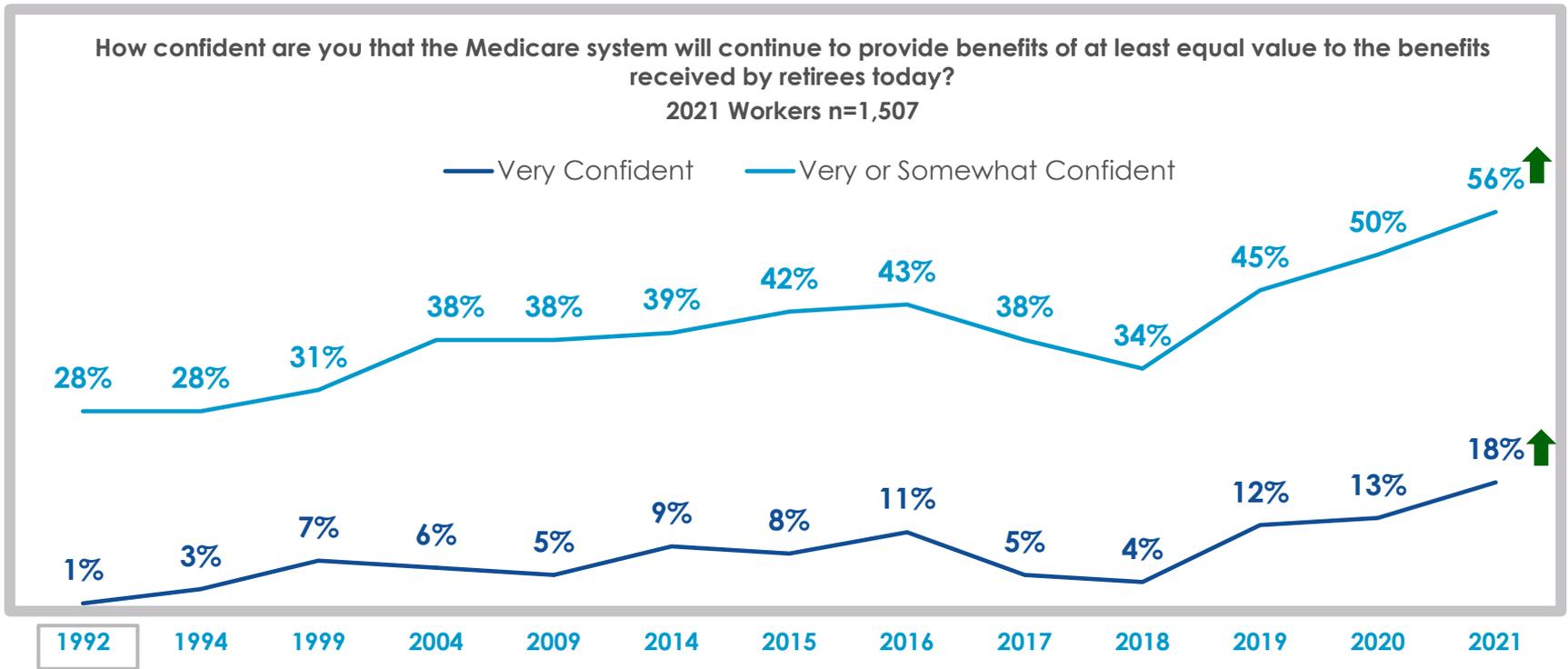


↑
First year asked

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

Figure 26

Worker confidence in consistent Medicare benefits continues to increase, with nearly 6 in 10 who feel at least somewhat confident it will continue to provide benefits of equal value to today.



↑
First year asked



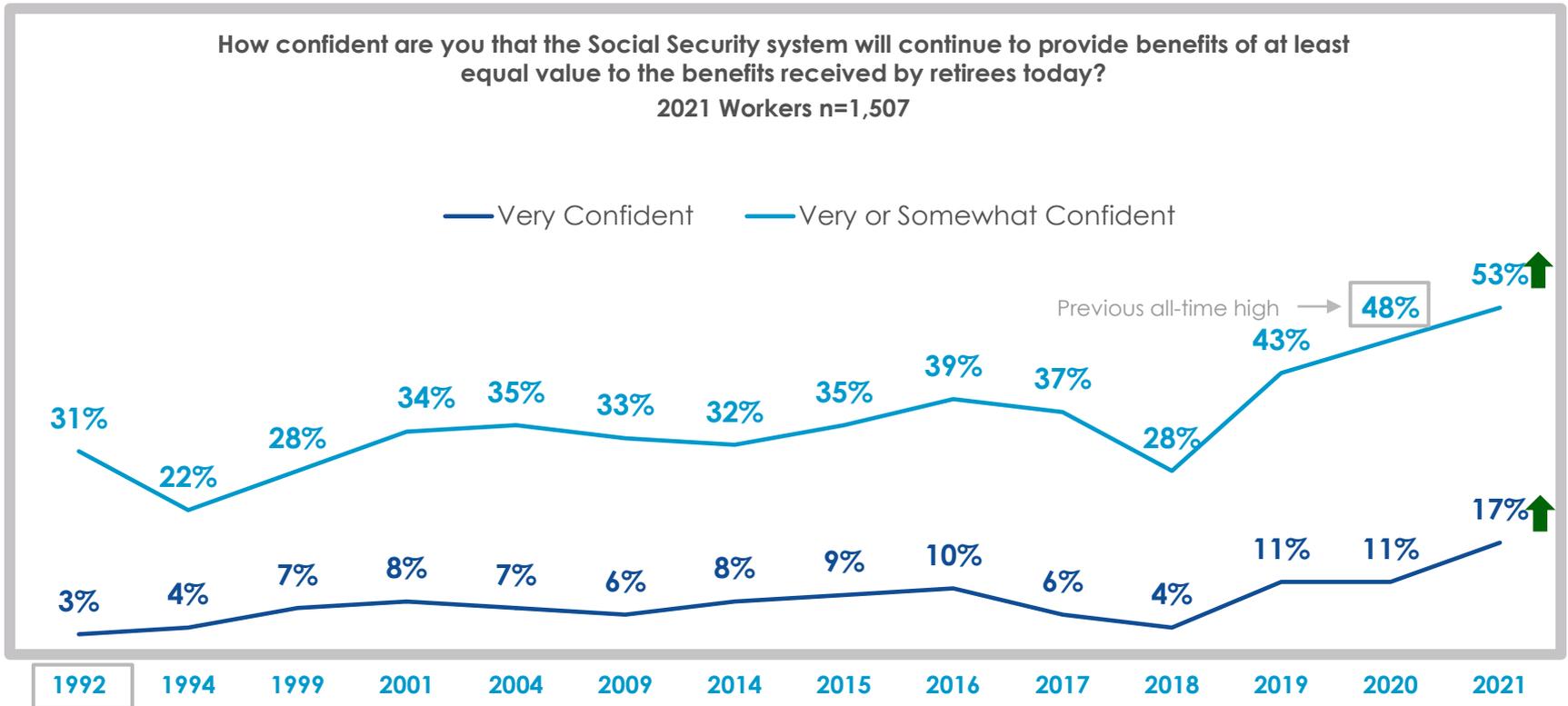
= Up significantly from previous year



= Down significantly from previous year

Figure 27

Worker confidence in Social Security benefits at least maintaining their value in the future has reached another all-time high.



↑
First year
asked

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

Figure 28

Retiree confidence in Social Security remains steady with 7 in 10 who are at least somewhat confident in the system.

