

The 2023 Retirement Confidence Survey Finds a Decline in Americans' Confidence About Having Enough Money to Live Comfortably Throughout Retirement

- Workers and Retirees Report High Concerns About Inflation and Its Impact on Savings and Spending -

For immediate release: 4/27/23

For more information: Ron Dresner

dresner@ebri.org

(Washington, D.C.) – A new report published today from the 33rd annual Retirement Confidence Survey finds a decline in the confidence Americans feel in having enough money to live comfortably throughout their retirement years. The report also finds both workers and retirees are very concerned about inflation and its impact on their savings and spending.

The Retirement Confidence Survey (RCS) is the longest-running survey of its kind measuring worker and retiree confidence and is conducted by the Employee Benefit Research Institute (EBRI) and Greenwald Research.

“The confidence both workers and retirees have in their ability to finance their retirements dropped significantly in 2023. The last time a decline in confidence of this magnitude occurred was in 2008 during the global financial crisis. This shows that the current economic climate, in particular inflation, is eroding the confidence that Americans had in their retirement preparations going into the pandemic,” said Craig Copeland, director, Wealth Benefits Research, EBRI.

The 2023 survey of 2,537 Americans was conducted online from Jan. 5 through Feb. 2, 2023. All respondents were ages 25 or older. The survey included 1,320 workers and 1,217 retirees and this year included an oversample of roughly 944 completed surveys among caregivers (598 workers and 346 retirees). A report on the findings among caregivers will be released this summer.

“Workers worry that their salaries won’t keep up with inflation and report more debt, while retirees worry about cost of living and expenses,” said Lisa Greenwald, CEO, Greenwald Research. “Half of retirees report that their overall spending is higher than expected, an increase over last year’s one-third, and the share of retirees who feel their retirement lifestyle is worse than they expected is slowly growing.”

Key findings in the 2023 RCS report include:

- Americans’ confidence that they will have enough money to live comfortably throughout retirement declines. Compared with 2022, both workers’ and retirees’ confidence in having enough money to live comfortably throughout retirement significantly dropped from 73 percent in 2022 for those being very or somewhat confident to 64 percent among workers, and from 77 percent to 73 percent among retirees. The last time there was a decline in confidence of this magnitude was in 2008 during the global financial crisis. Eighteen percent of workers report feeling very confident, and while retirees’ confidence is slightly higher than workers’, still only 27 percent say they feel very confident. Among those who do not feel confident, 4 in 10 workers and a quarter of retirees state it is due to having little to no savings. Inflation also has a large impact on Americans’ certainty with 29 percent of workers and 42 percent of retirees stating this is the reason for their lack of confidence.
- Both workers and retirees report high concerns about inflation and its impact on their savings and spending. The effects of inflation are heavy on Americans’ minds, as 84 percent of workers and 67 percent of retirees are concerned that the increasing cost of living will make it harder for them to save money. Four in 10 workers and 3 in 10 retirees are not confident their money will be able to keep up with inflation in retirement, which is a significant increase compared with the third of workers who felt this way last year. Americans’ ability to finance their expenses is in question, as 73 percent of workers and 58 percent of retirees are concerned they will have to make substantial cuts to their spending due to inflation.

- Workers' debt levels are on the rise and are negatively impacting their ability to save for retirement. Over 4 in 5 Americans feel knowledgeable about managing their day-to-day finances. Despite the confidence in their financial knowledge remaining high, workers' debt problems appear to be worsening in 2023. Significantly up this year compared with 2022, over 6 in 10 workers report their debt is a problem. However, consistent with last year, 34 percent of retirees report the same.
- While Americans try to prepare for retirement, decreases in retirement accounts have caused concern. Half of Americans have tried to calculate how much money they will need to save to have a comfortable retirement. At least 7 in 10 workers and retirees say they have personally saved money for retirement. However, Americans' retirement savings have taken a hit this year. Forty percent of workers and 58 percent of retirees report that their retirement account balances have decreased over the past 12 months.
- Understanding of retirement plan investment options is lacking for some and many don't consider their plan provider a go-to source for retirement planning information and advice. Many workers feel they understand the investment options their workplace retirement plan offers. Seven in 10 workers are confident they can choose the right investment options for their situation. However, about 4 in 10 admit they don't understand Target Date Funds, 3 in 10 workers don't understand Managed Accounts and half do not understand ESG investment options. Many workers aren't using professional sources of information and advice that can help improve their investment know-how. A large portion of workers (40 percent) turn to their family or friends when seeking information about retirement planning, while only 2 in 10 turn to their workplace retirement plan provider.
- Americans' confidence in Social Security remains mostly unchanged, but worker confidence in Medicare has declined. Both workers' and retirees' confidence in Social Security remains unchanged as well, as half of workers and 7 in 10 retirees feel at least somewhat confident that the benefits provided will continue to be at least equal in value to the benefits provided today. However, workers' confidence in Medicare has significantly decreased, with just half who feel at least somewhat confident it will continue to provide benefits that are of equal value to today.
- Workers are confident they know how much to withdraw from their retirement savings. However, they have different expectations of the role many income sources will play in retirement compared with today's retirees. Despite being down from last year, nearly two-thirds of workers are still confident they know how much to withdraw from their savings and investments in retirement. Retirees' confidence in their knowledge remains steady, with a quarter being very confident. Workers are more likely to expect income from personal retirement savings, IRAs, work for pay, products that guarantee monthly income, and financial support from family and friends than what retirees currently report being sources of income. In contrast, workers are less likely to expect Social Security will be a source, whereas almost all retirees report it as a source of income in retirement.
- When describing their asset goals, half of retirees report they try to maintain their asset levels. Fewer than last year aim to grow their assets. Additionally, two-thirds of retirees report their financial priority in retirement is income stability over maintaining wealth. Workers share this sentiment as almost three-quarters say they would prioritize income stability.

The 33rd annual RCS report can be viewed by visiting www.ebri.org/2023-rcs. The 2023 survey report was made possible with support from American Funds / Capital Group, Bank of America, BlackRock, Columbia Threadneedle Investments, Empower, Fidelity Investments, FINRA, Jackson National, J.P. Morgan Chase & Co, Mercer, Mutual of America, Nationwide, National Endowment for Financial Education, New York Life, PGIM, PIMCO, Principal Financial Group and T. Rowe Price.

Greenwald Research is a leading, independent research firm specializing in retirement, employee benefits and health care research for over 35 years. For more information, visit www.greenwaldresearch.com.

The Employee Benefit Research Institute is a non-profit, independent and unbiased resource organization that provides the most authoritative and objective information about critical issues relating to employee benefit programs in the United States. For more information, visit www.ebri.org.