



Surprises & Expectations From the Recent 2023 Retirement Confidence Survey Report

June 6, 2023

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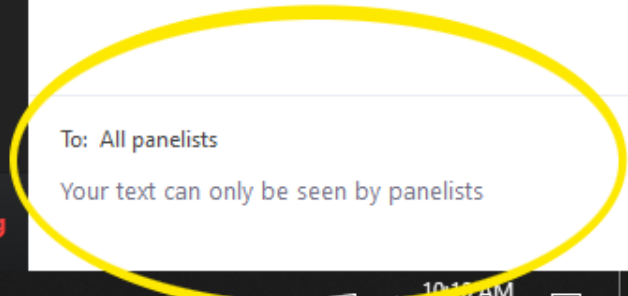
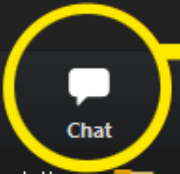
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2023 Retirement Confidence Survey: Confidence and Preparations

Craig Copeland, EBRI

2023 RCS Overview

33rd 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 2023 survey of 2,537 Americans was conducted online January 5 through February 2, 2023. All respondents were ages 25 or older. The survey included 1,320 workers and 1,217 retirees – this year included an oversample of 944 completed surveys among caregivers (598 workers and 346 retirees).
- Data were weighted by age, sex, caregiver status, household income and race/ethnicity. Unweighted sample sizes are noted on the figures to provide information for margin of error estimates. The margin of error would be ± 2.8 percentage points for workers, ± 2.9 retirees, and ± 3.3 for caregiver respondents 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.

Source: 2023 Retirement Confidence Survey.

2023 RCS Sponsors

EBRI and Greenwald would like to thank the 2023 RCS sponsors who helped shape this year's survey.

American Funds / Capital Group

Bank of America

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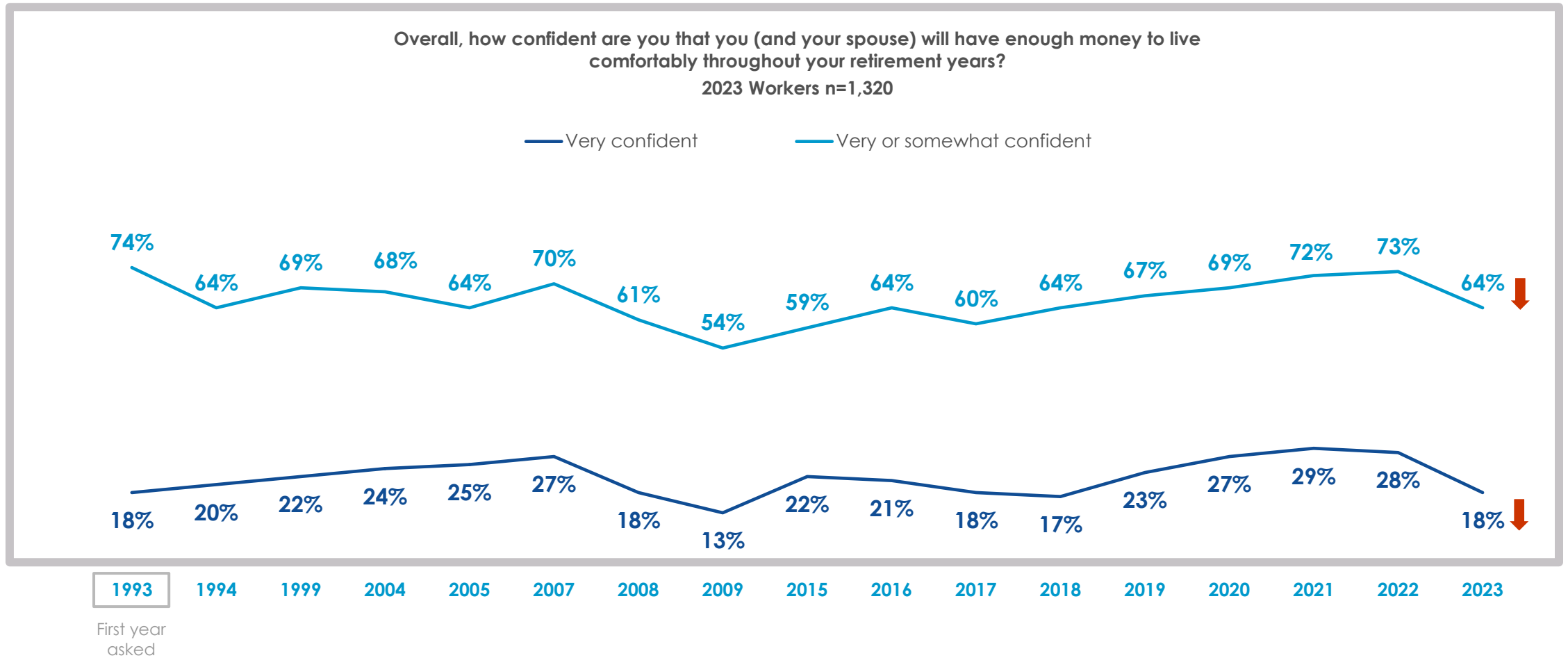
PIMCO

Principal Financial Group

T. Rowe Price

Source: 2023 Retirement Confidence Survey.

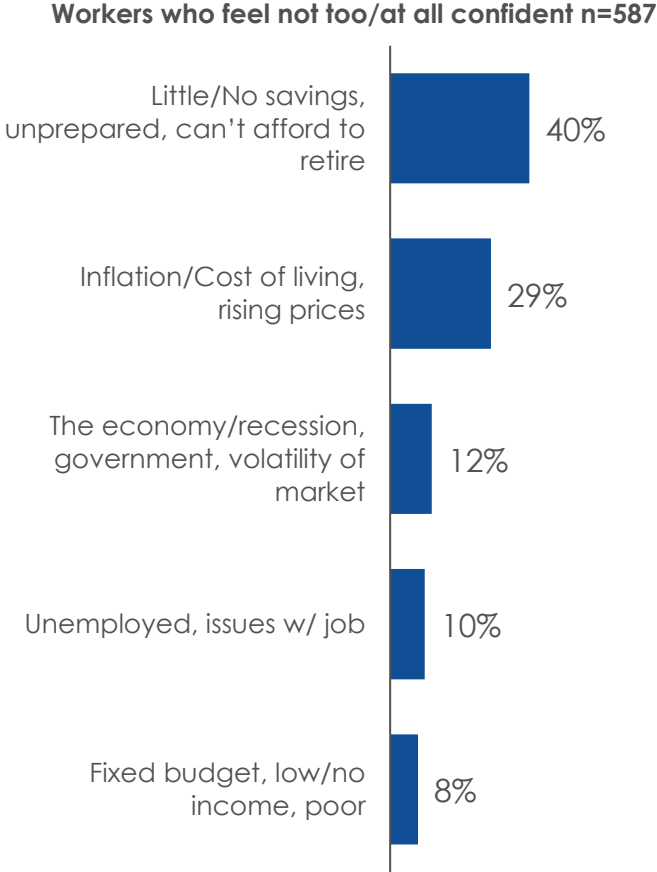
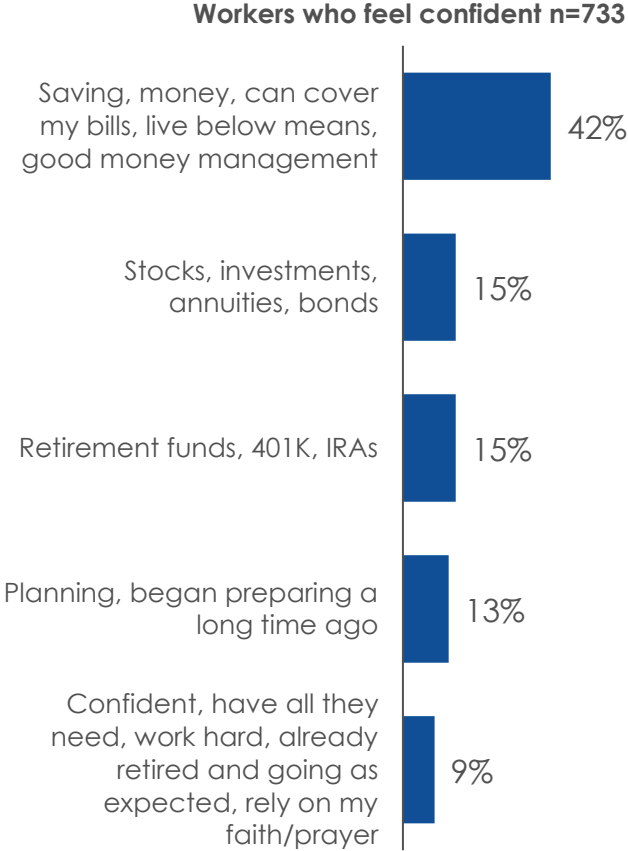
Worker Retirement Confidence Declined in 2023-Largest One Year Drop Since 2008



↑=Significantly higher than previous year. ↓=significantly lower than previous year
Source: 2023 Retirement Confidence Survey

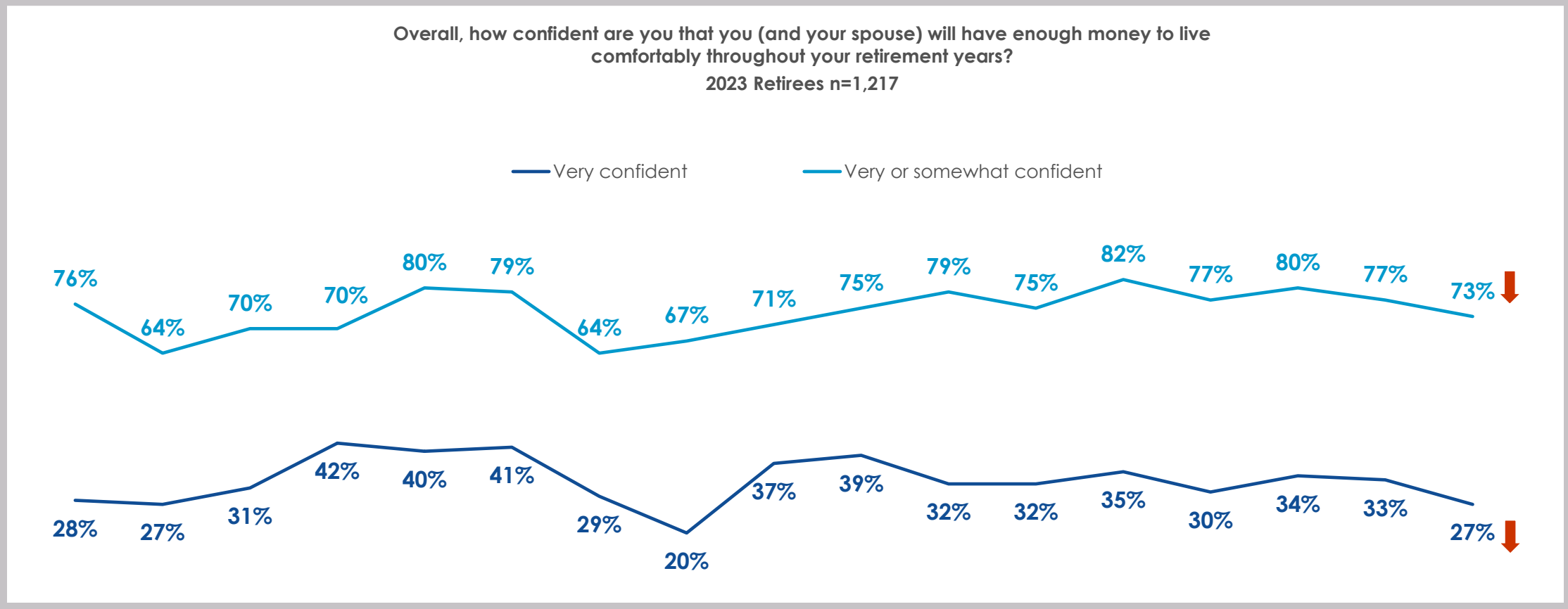
Why do workers feel confident or not confident?

What specifically has made you feel [confident/not confident] about your ability to live comfortably throughout retirement?



Source: 2023 Retirement Confidence Survey.

Retiree Retirement Confidence Declined in 2023-The Drop Not as Large as for Workers

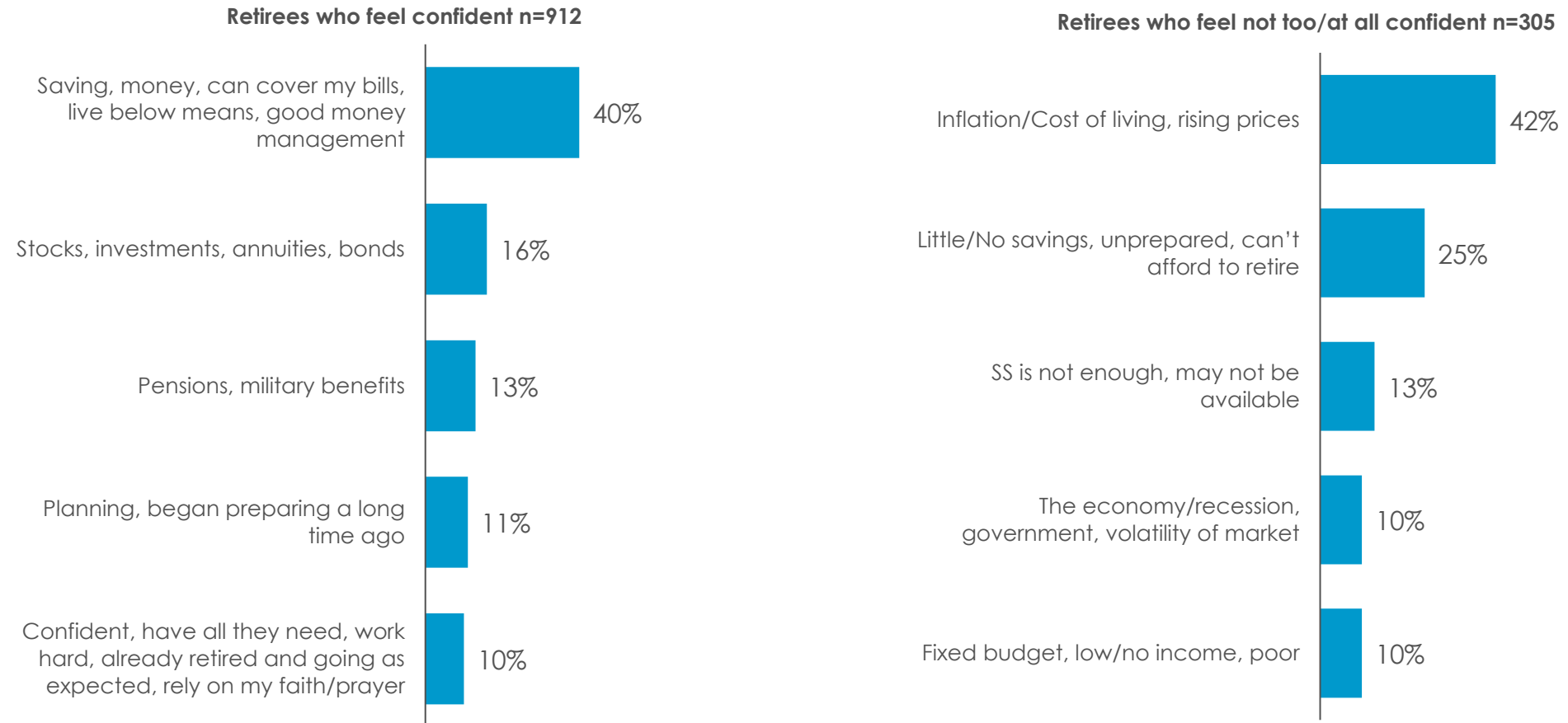


1993
First year asked

↓=significantly lower than previous year
Source: 2023 Retirement Confidence Survey.

Why do retirees feel confident or not confident?

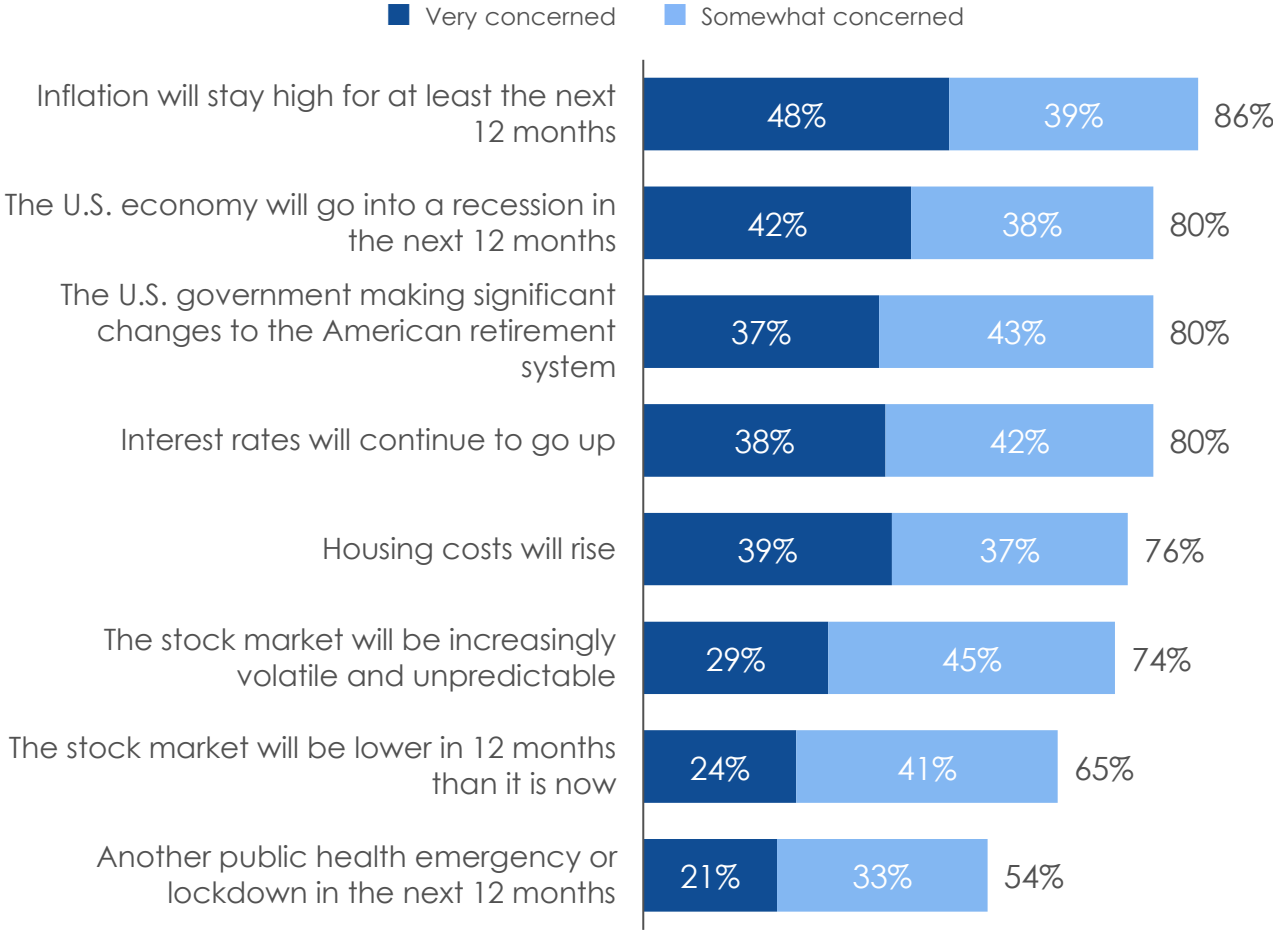
What specifically has made you feel [confident/not confident] about your ability to live comfortably throughout retirement?



Workers Are Concerned With Many Aspects of the Economy and Retirement System

How concerned, if at all, are you about each of the following impacting your finances in retirement?

Workers n=1,320



Source: 2023 Retirement Confidence Survey.

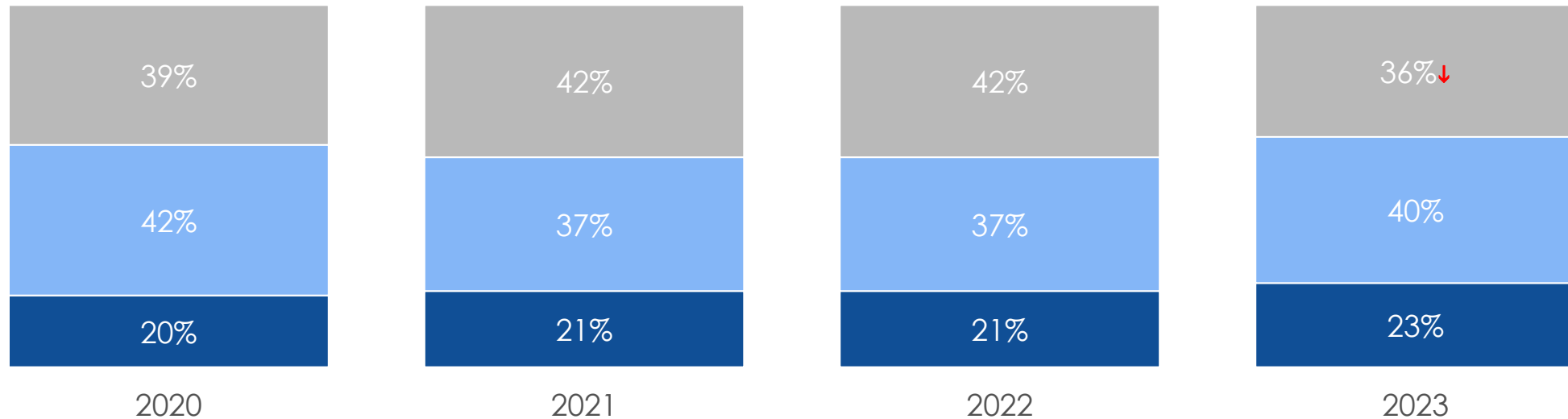
How many workers feel preparing for retirement makes them stressed?

To what extent do you agree or disagree with the following statement?

Preparing for retirement makes you feel stressed

Workers n=1,320

■ Strongly agree ■ Somewhat agree ■ Disagree

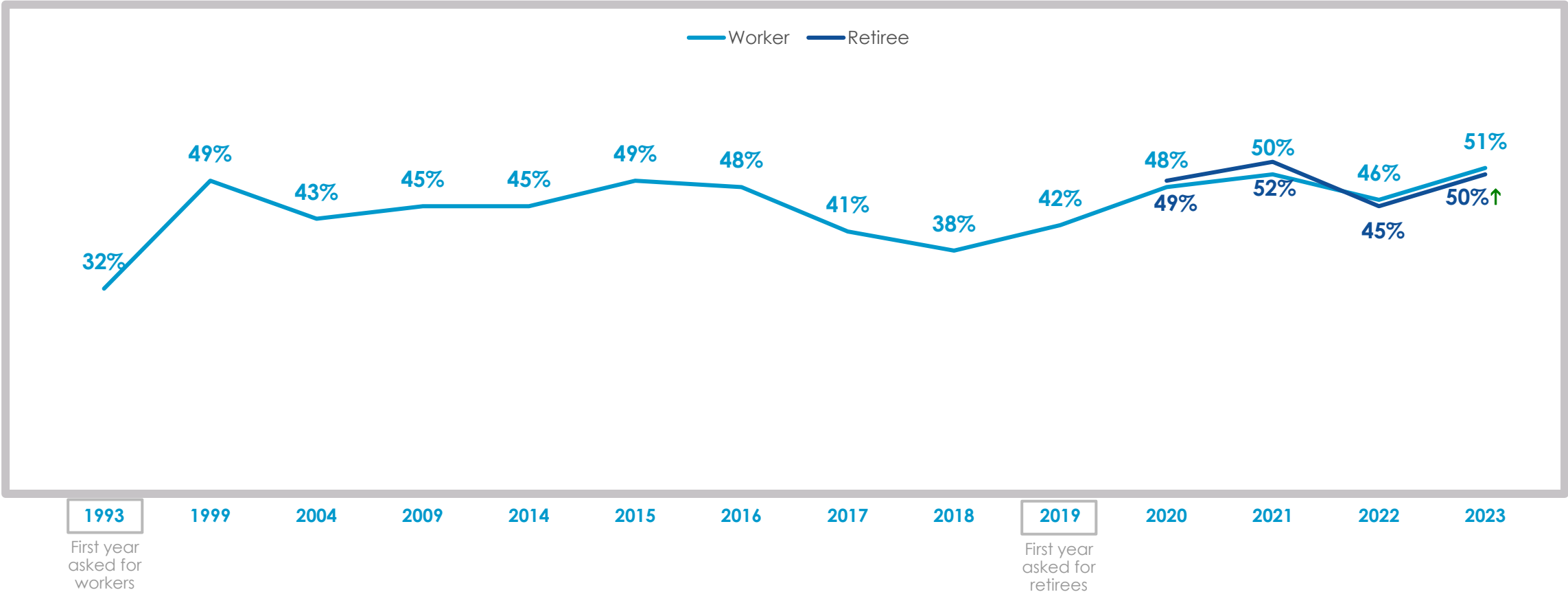


↓=significantly lower than 2022
Source: 2023 Retirement Confidence Survey.

How many workers and retirees calculated how much they need(ed) for retirement?

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? / To prepare for retirement, did you (or your spouse) try to figure out how much money you needed to have saved by the time you retired so that you could live comfortably in retirement?

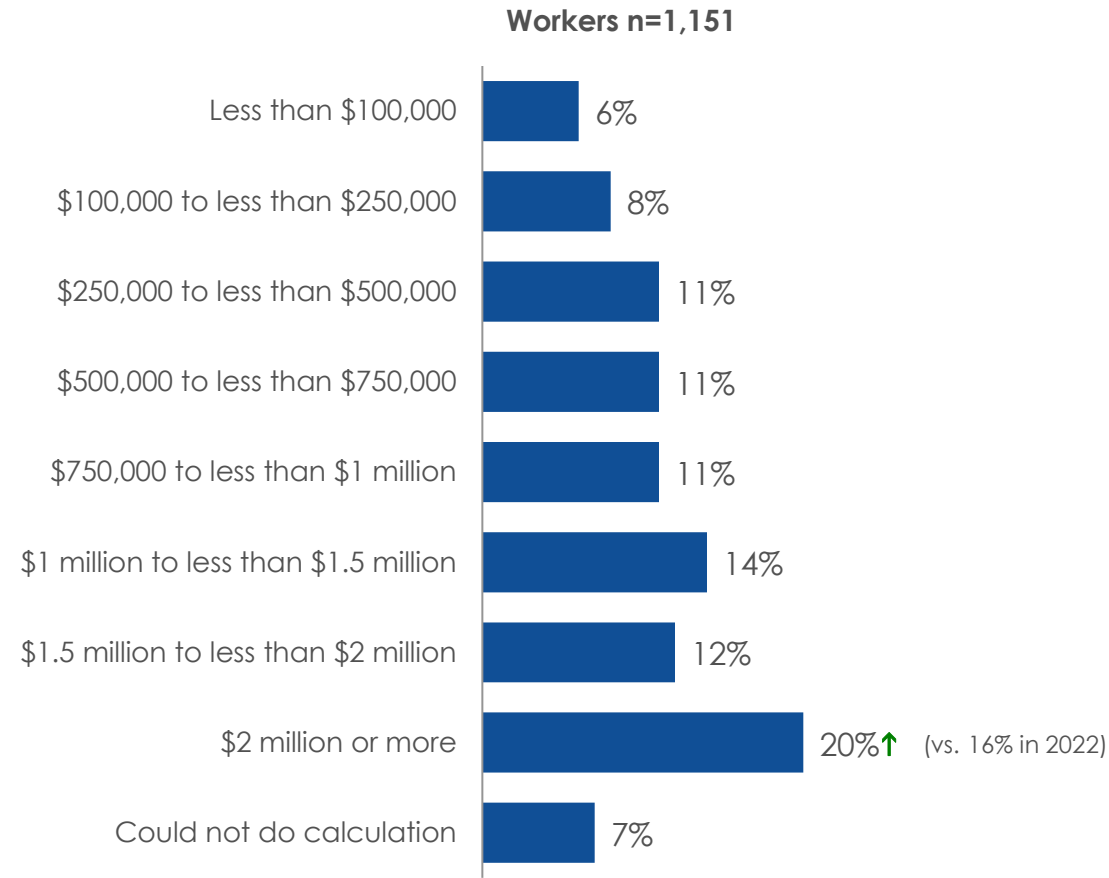
2023 Workers n=1,199, 2023 Retirees n=1,146, Percent Yes



Figures and n-sizes from all years presented exclude those who answered 'Don't know' or refused to answer
 Source: 2023 Retirement Confidence Survey.

How much do workers think they will need to have saved for a comfortable retirement?

How much did you (or your spouse) calculate you would need to accumulate in total by the time you 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?

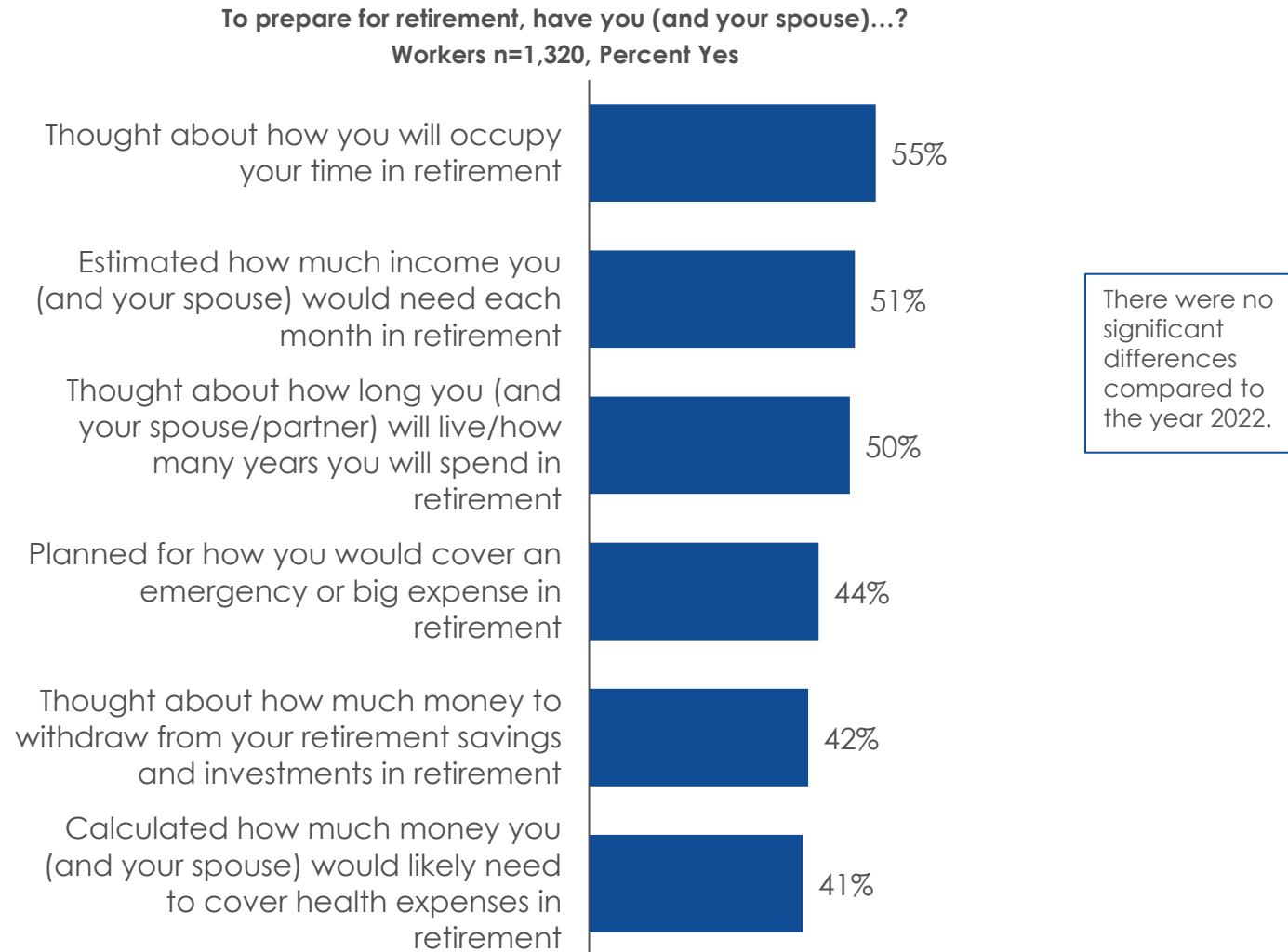


Figures and n-sizes from all years presented exclude those who answered 'Don't know.'

↑=Significantly higher than previous year

Source: 2023 Retirement Confidence Survey.

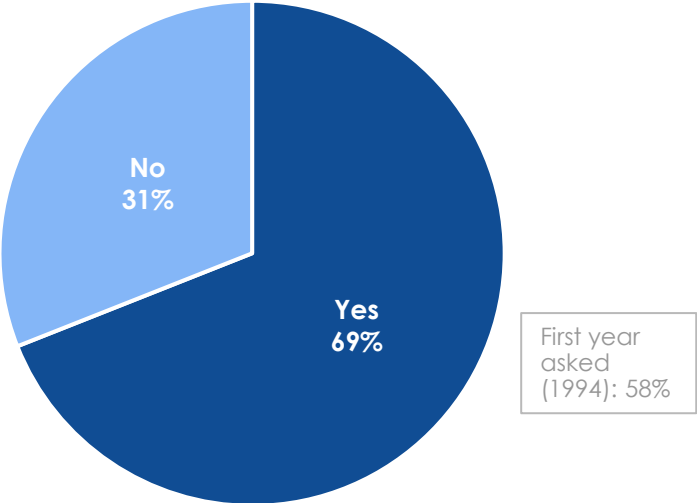
About half or less of workers have done various tasks for preparing for retirement.



Over two-thirds of workers report that they have personally saved money for retirement, and of those having saved, nearly all are currently saving.

Have you/did you (or your spouse) personally saved any money for retirement?

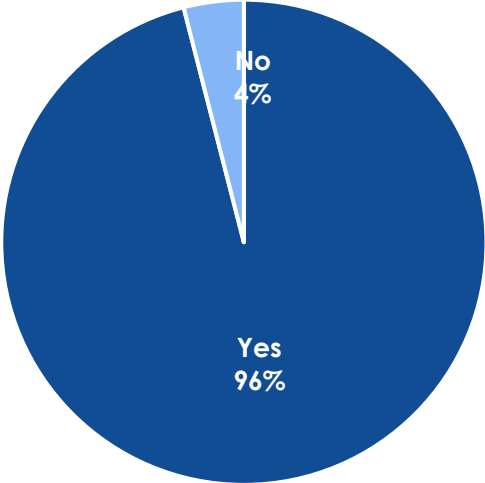
Workers, n=1,320



Are you (or your spouse) currently saving for retirement/the future?

Workers/spouse who have saved for retirement

Workers, n=782



About one in five have less than \$1,000 in savings. However, those with a retirement plan are much more likely to have higher savings levels.

In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence or defined benefit plan assets?

2023 Workers n=1,176

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023 Have Plan*	2023 No Plan
Less than \$1,000	36%	28%	26%	24%	26%	19%	18%	13%	19%	18%	7%	60%
\$1,000 - \$9,999	16	17	16	14	11	10	9	8	8	8	7	11
\$10,000 - \$24,999	8	12	12	9	8	11	8	6	6	7	7	7
\$25,000 - \$49,999	9	9	10	8	9	9	6	7	8	5↓	5	6
\$50,000 - \$99,999	9	10	10	10	11	9	12	12	10	8	9	6
\$100,000 - \$249,999	11	10	12	15	15	19	17	21	15	18↑	20	7
\$250,000 or more	11	14	14	20	21	23	30	33	33	36	45	4

*Have Retirement Plan defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan; Figures and n-sizes from all years presented exclude those who answered 'Don't know' or refused to answer; ↑=Significantly higher than previous year, ↓=significantly lower than previous year
Source: 2023 Retirement Confidence Survey.

Takeaways

- Workers and retirees' retirement confidence dropped significantly in 2023, and workers have many concerns about the economy and their retirement finances.
- Nearly two-thirds of workers feel stressed about preparing for retirement.
- Only about half of workers are doing various tasks for preparing for retirement.

2023 RETIREMENT CONFIDENCE SURVEY

Financial Health & Trusted Sources of Information

EBRI

Employee Benefit Research Institute
901 D Street SW, Suite 802
Washington, DC 20024
Phone: (202) 659-0670 Fax: (202) 775-6312

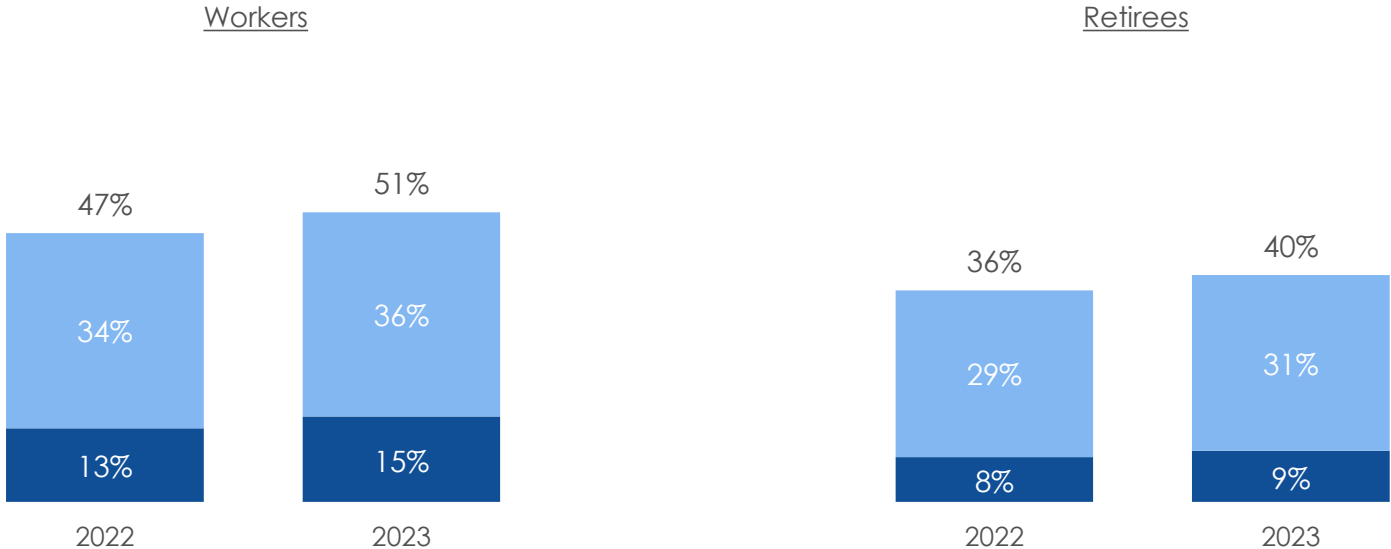
greenwald
research

Greenwald Research
4201 Connecticut Ave. NW, Suite 620
Washington, DC 20008
Phone: (202) 686-0300 Fax: (202) 686-2512

About half of workers believe that their household's long-term financial needs are different than other households, while only 2 in 5 retiree agree.

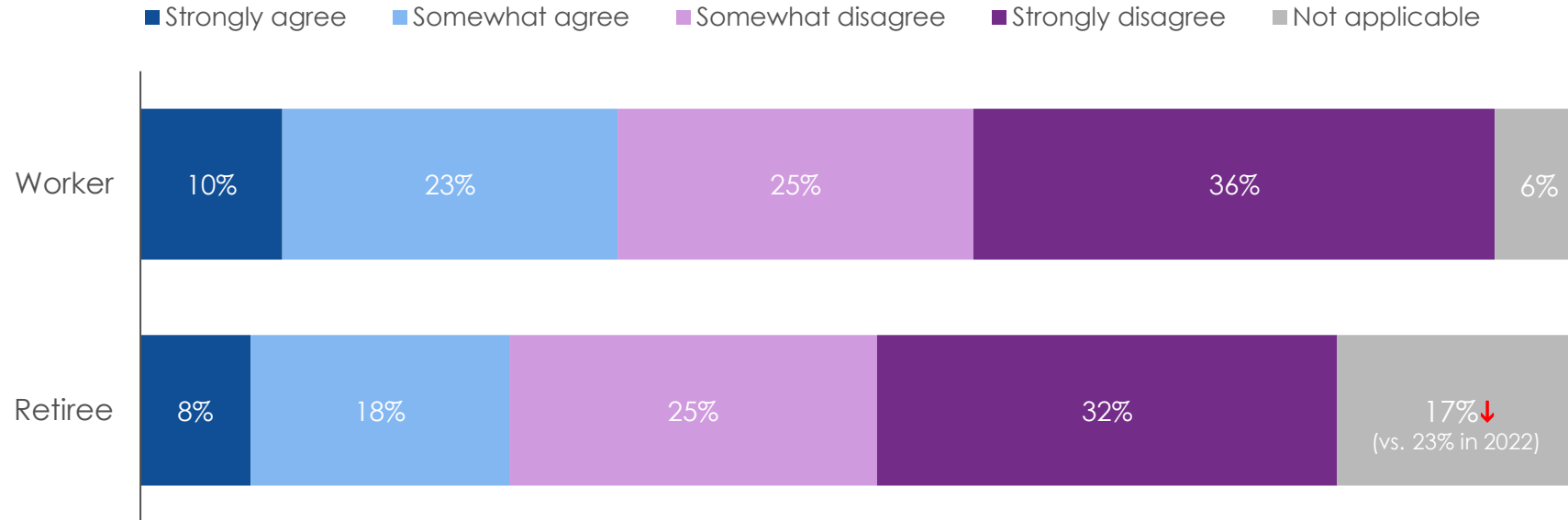
To what extent do you agree or disagree with the following?
Your household's long-term financial needs are different than other households
2023 Workers n=1,320; Retirees n=1,217

■ Strongly agree ■ Somewhat agree



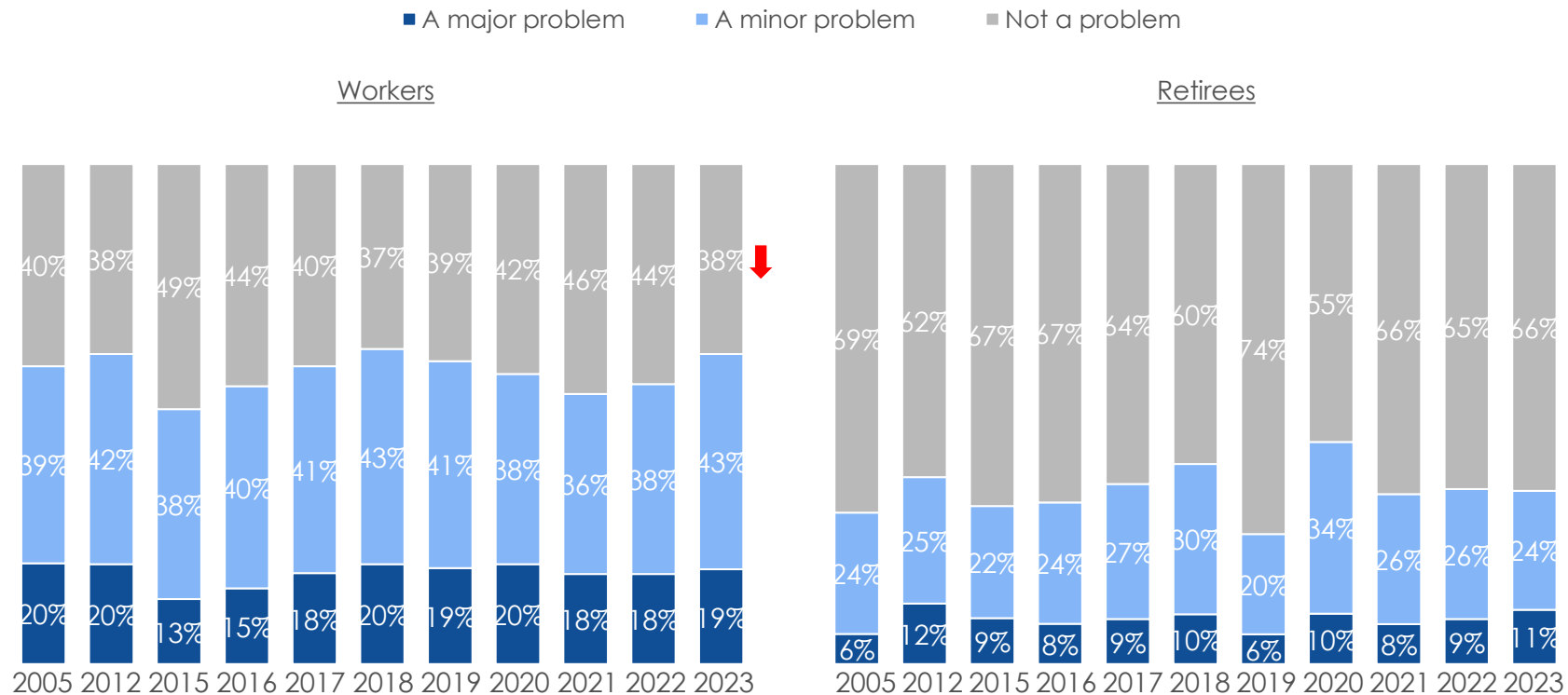
A third of workers and a quarter of retirees agree that retirement savings are not a priority relative to the current needs of their family.

To what extent do you agree or disagree with the following?
Retirement savings is not a priority relative to the current needs of my family
Workers n=1,320, Retirees n=1,217



Significantly higher than last year, almost two-thirds of workers believe their debt is a problem. Retirees' debt has remained consistent.

Thinking about your current financial situation, how would you describe your level of debt?
 2023 Workers n=1,320, 2023 Retirees n=1,217

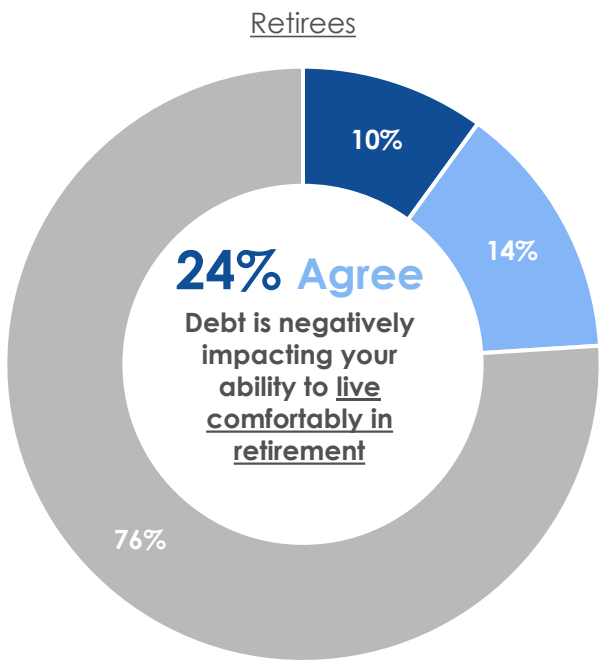
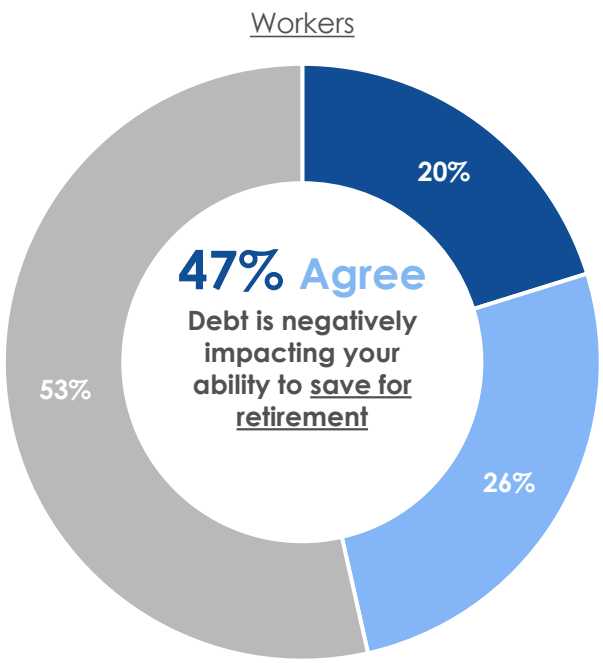


↑=Significantly higher than previous year, ↓=significantly lower than previous year

Comparable to last year, half of workers and a quarter of retirees report debt is negatively impacting their ability to save and live in retirement, respectively.

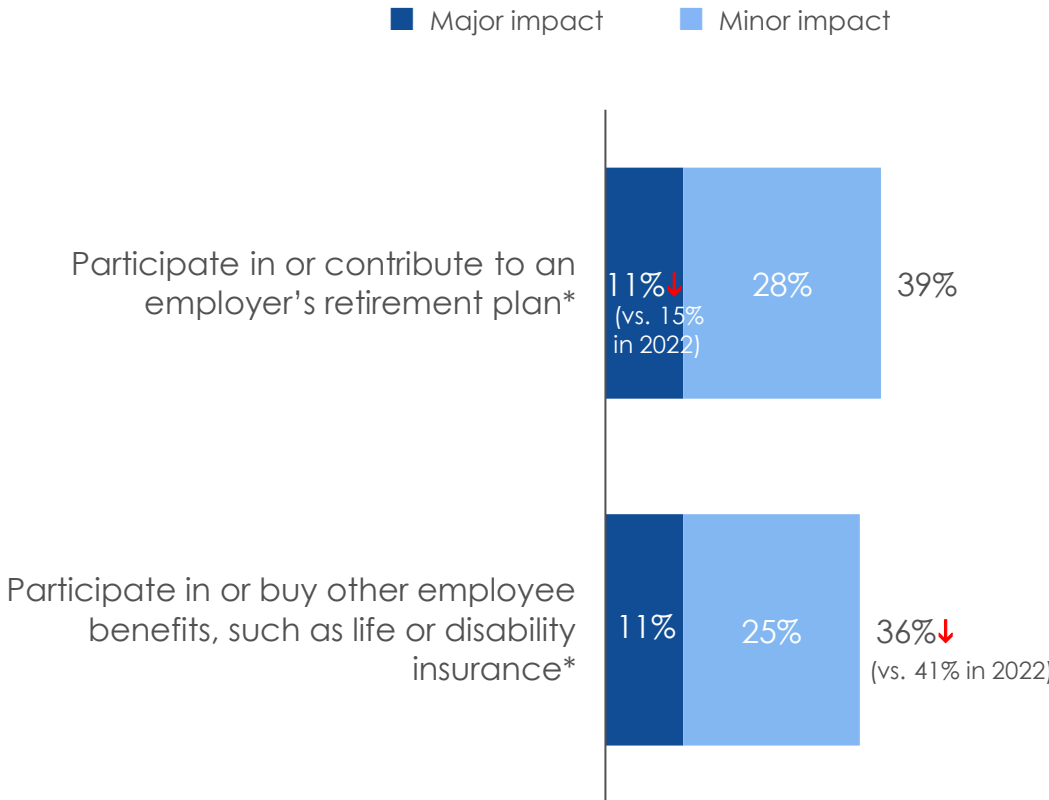
To what extent do you agree or disagree with the following statements?
Workers n=1,320, Retirees n=1,217

■ Strongly agree ■ Somewhat agree ■ Disagree



Nearly 4 in 10 workers agree their debt has negatively impacted their ability to contribute to their employer's retirement plan or participate in other benefits.

To what extent is your non-mortgage debt having a negative impact on your ability to do the following?
Workers n=1,320



*Only asked of workers;
↑=Significantly higher than previous year, ↓=significantly lower than previous year

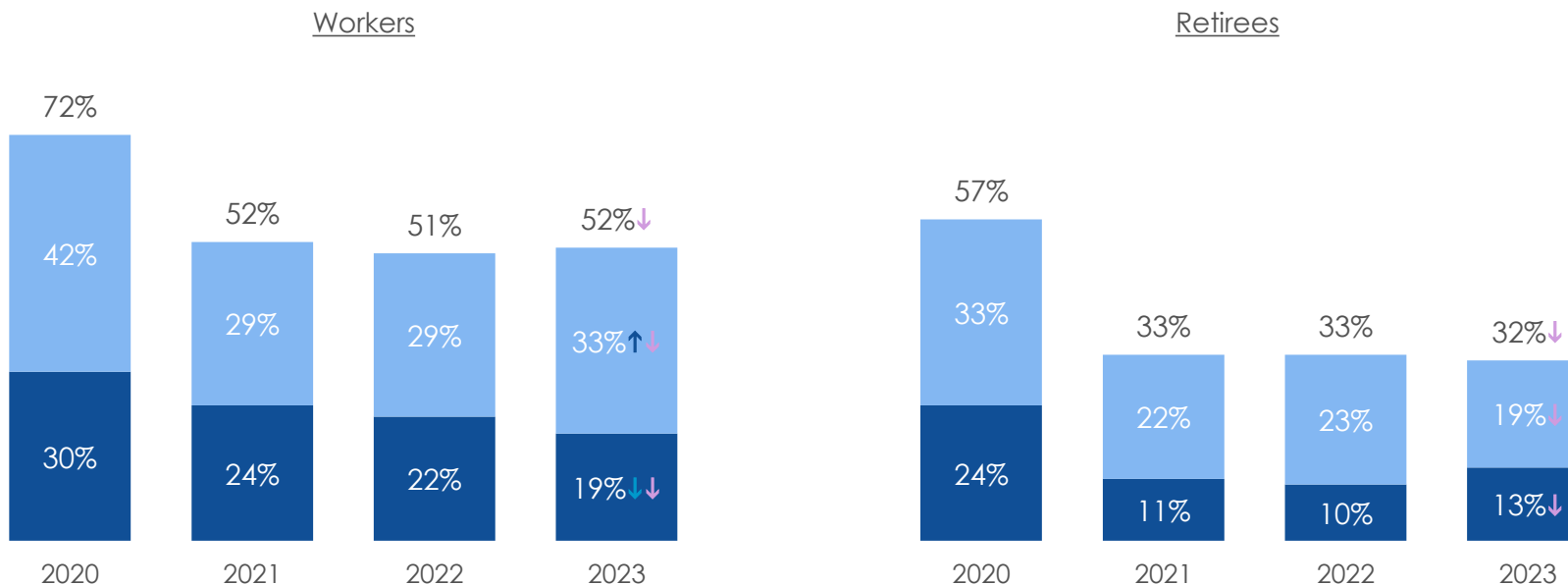
Over half of workers and a third of retirees say their non-mortgage debt has negatively impacted their ability to save for emergencies.

To what extent is your non-mortgage debt having a negative impact on your ability to do the following?

Saving for Emergencies

2023 Workers n=1,320, Retirees n=1,217

■ Major negative impact ■ Minor negative impact

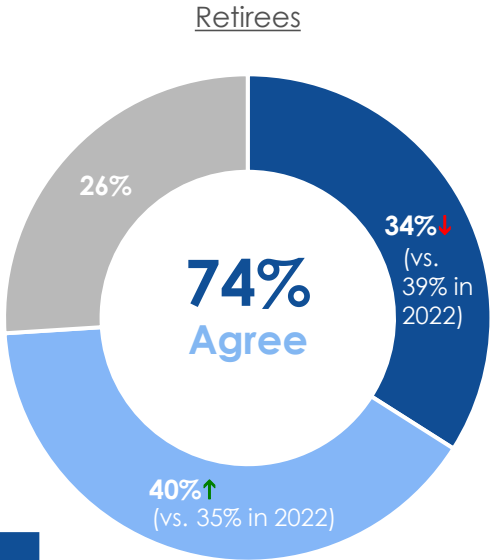
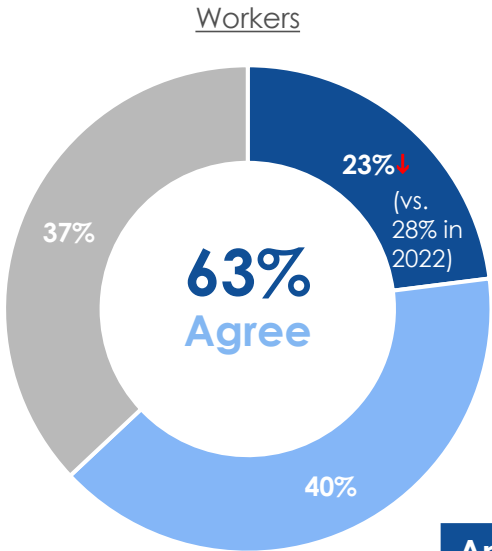


↑=Significantly higher than 2021, ↓=significantly lower than 2021;
 ↑=Significantly higher than 2020, ↓=significantly lower than 2020

While most, two-thirds, believe they have enough savings to handle an emergency, workers and retirees are less likely to strongly believe this compared to last year.

To what extent do you agree or disagree with the following statements?
You feel you have enough savings to handle an emergency or sudden large expense
 Workers n=1,320, Retirees n=1,217

■ Strongly agree ■ Somewhat agree ■ Disagree



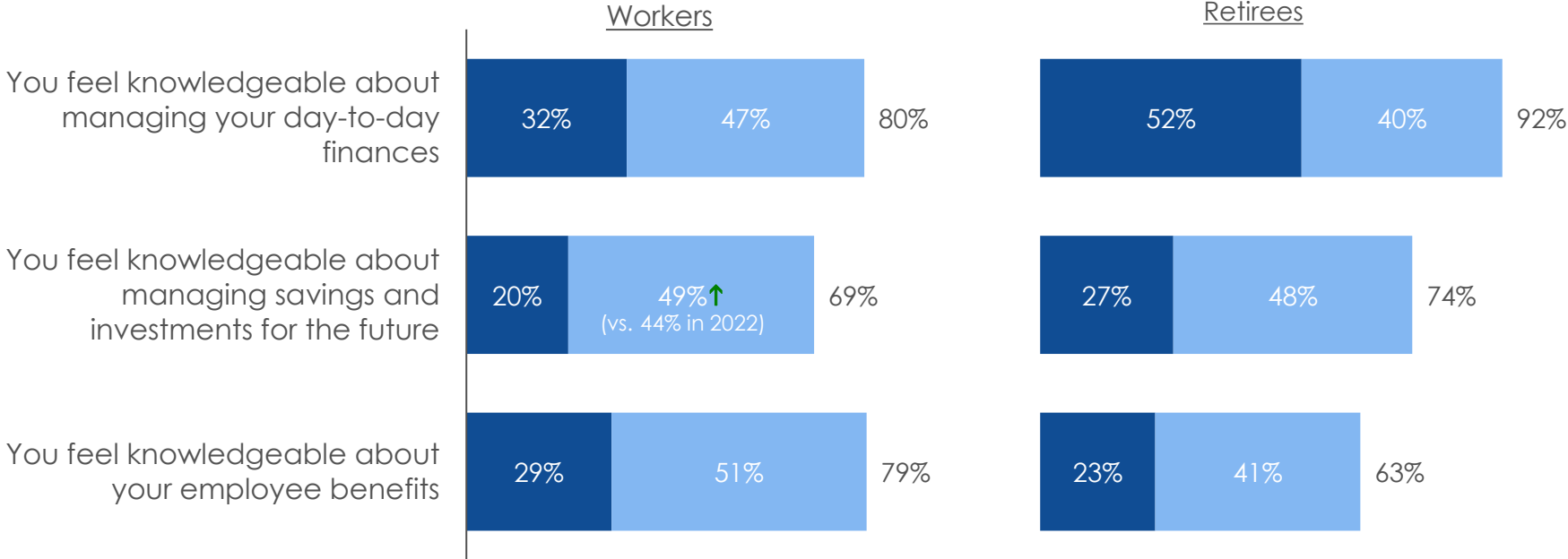
Among Those With a Major Debt Problem	% Agree
Workers	22%
Retirees	8%

↑=Significantly higher than previous year, ↓=significantly lower than previous year

Majorities feel knowledgeable about managing day-to-day finances, managing savings and investments for the future, and about their employee benefits.

To what extent do you agree or disagree with the following?
 Workers n=1,320, Retirees n=1,217

■ Strongly agree ■ Somewhat agree



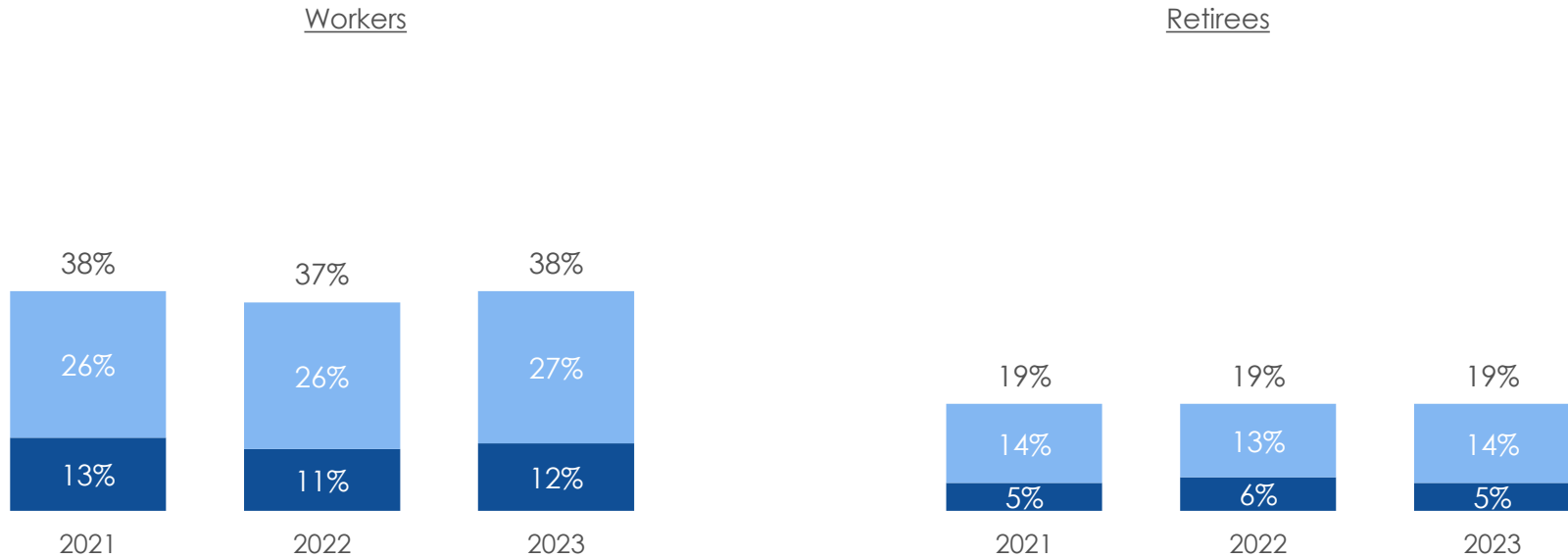
[↑]=Significantly higher than previous year, [↓]=significantly lower than previous year

Nearly 4 in 10 workers suggest they do not know where to go for financial or retirement planning advice, more so than the 2 in 10 retirees who feel the same.

To what extent do you agree or disagree with the following?
You do not know who to go to for good financial or retirement planning advice

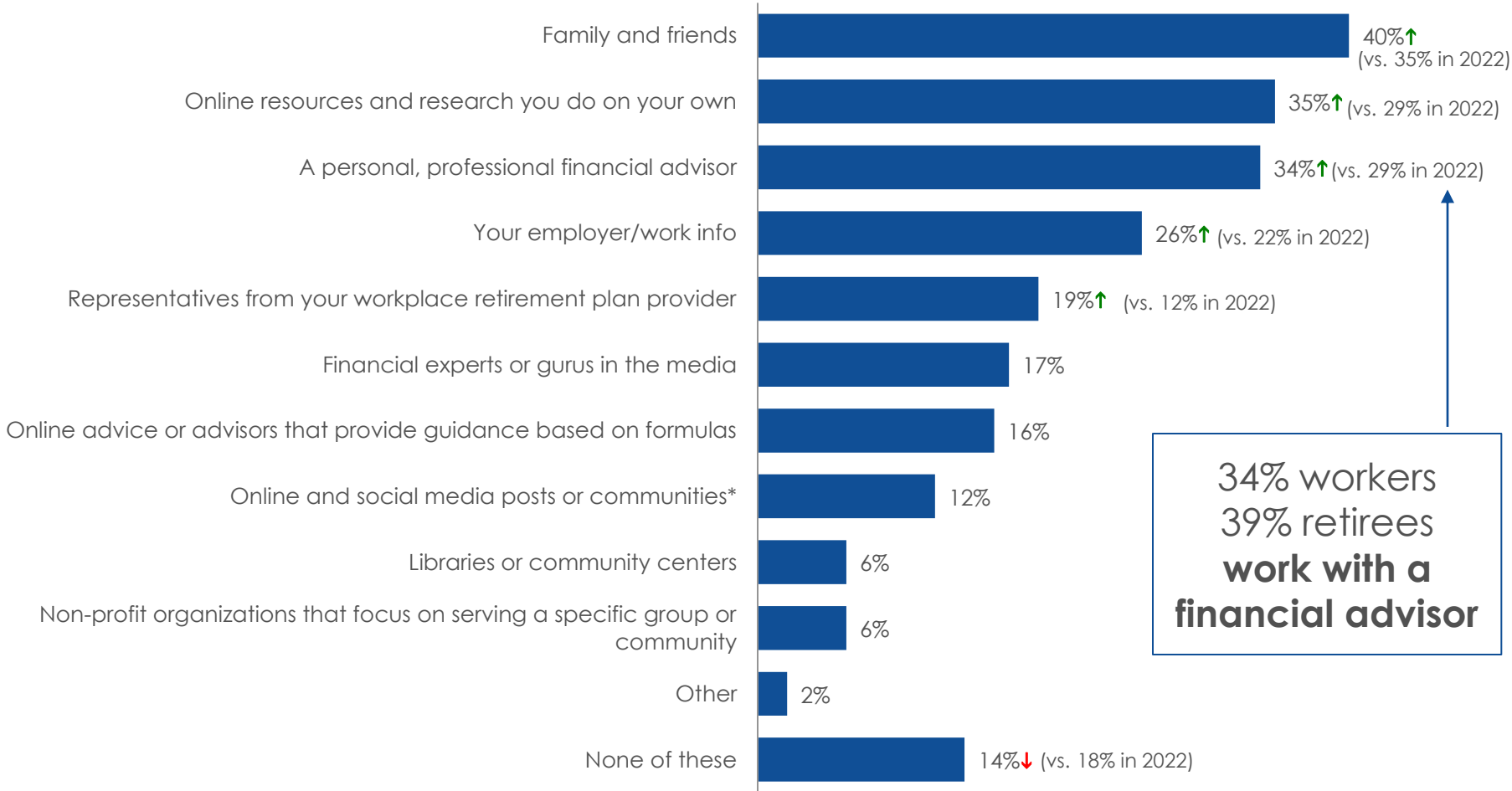
Workers n=1,320; Retirees n=1,217

■ Strongly agree ■ Somewhat agree



More workers this year use family and friends, their own research, a financial advisor, their employer, or representatives from their workplace retirement plan provide as sources of information.

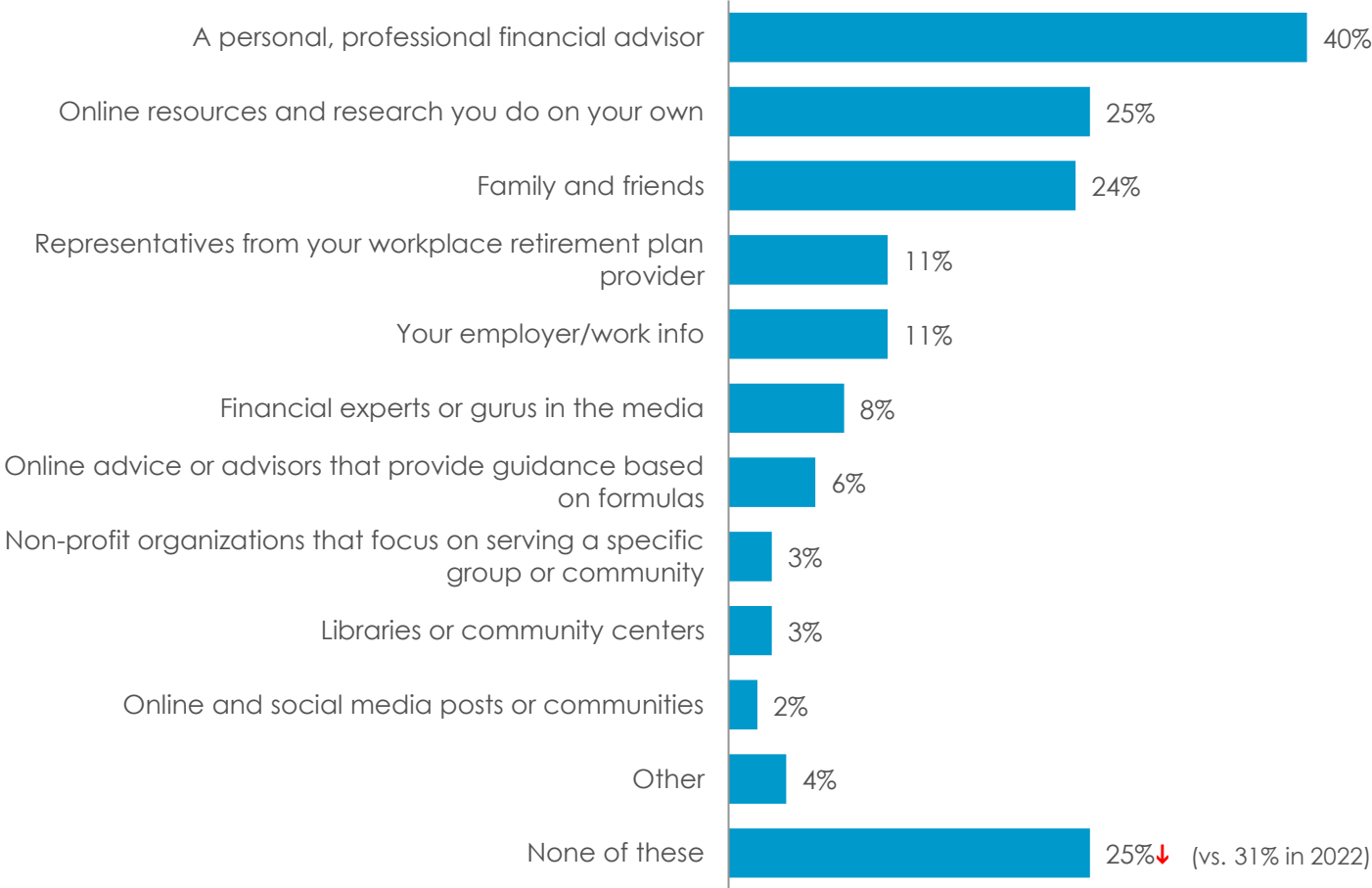
Which of the following people or groups do you use as a source of information for retirement planning?
Workers n=1,320



*Newly added in 2023
↑=Significantly higher than previous year, ↓=significantly lower than previous year

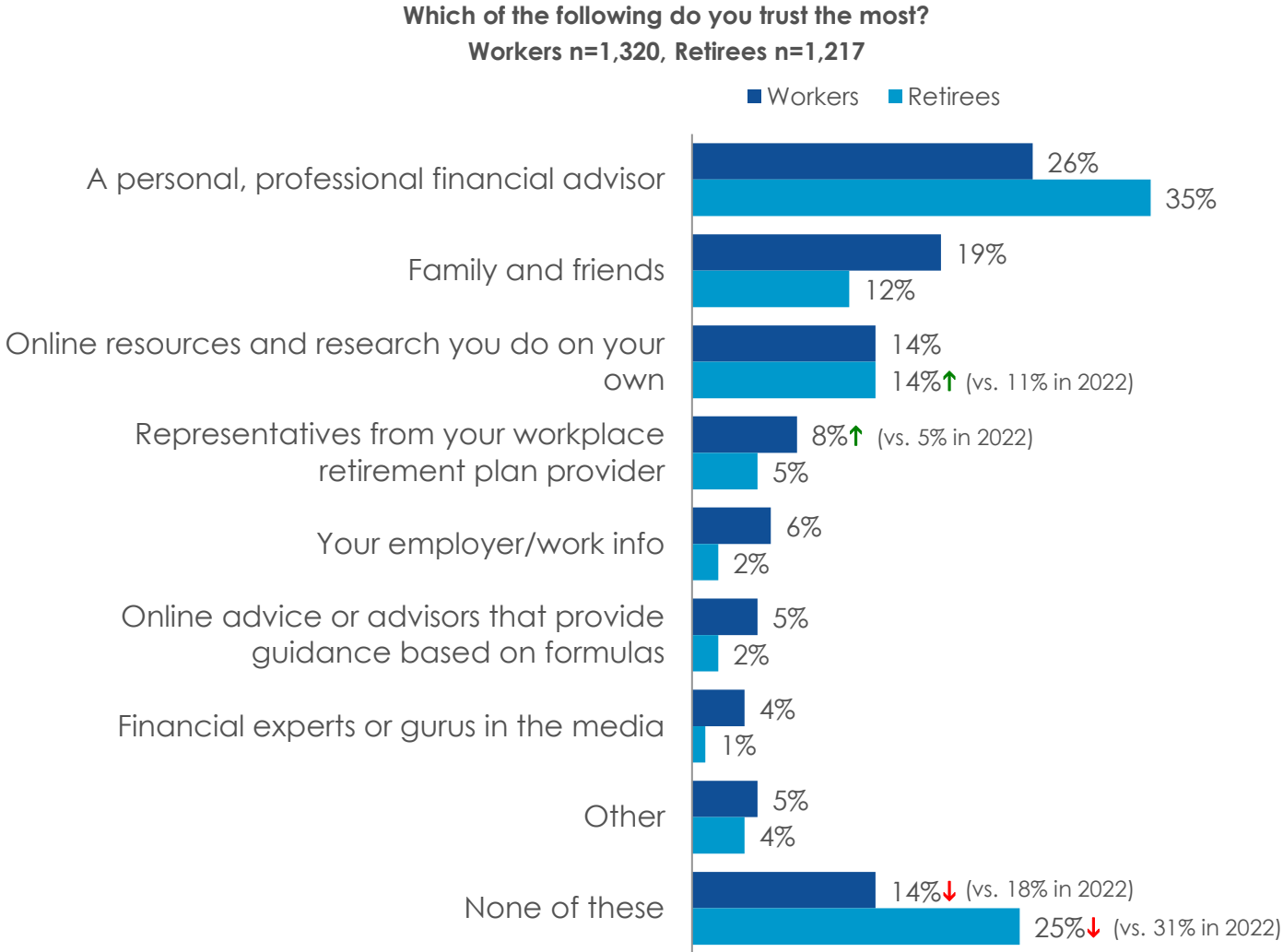
4 in 10 retirees get advice from a financial advisor, while a quarter use online research they do on their own or family and friends.

Which of the following people or groups do you use as a source of information for retirement planning?
 Retirees n=1,217



*Newly added in 2023
 ↑=Significantly higher than previous year, ↓=significantly lower than previous year

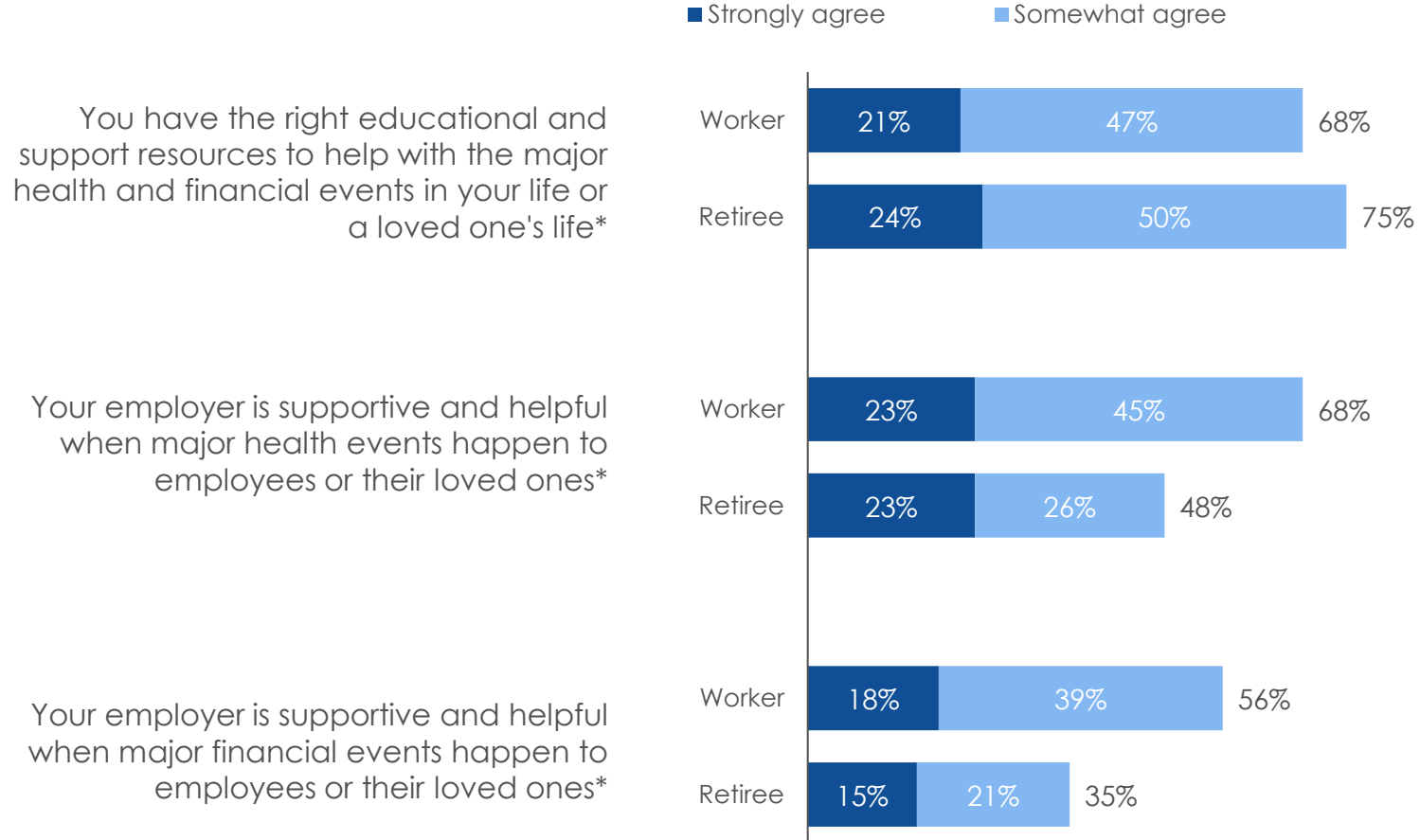
More than a quarter of workers and about a third of retirees trust their personal financial advisor the most. Workers express slightly more trust in their workplace retirement plan provider.



↑=Significantly higher than previous year, ↓=significantly lower than previous year

About 8 in 10 workers believe they are knowledgeable about their employee benefits. 7 in 10 feel they have the right education/support to help with health and financial events. A similar share agrees that their employer is supportive when health events happen.

To what extent do you agree or disagree with the following?
 Workers n=1,320; Retirees n=1,217; *Working Worker (n=902); Retiree n=70



*Newly Added in 2023

5 KEY TAKEAWAYS

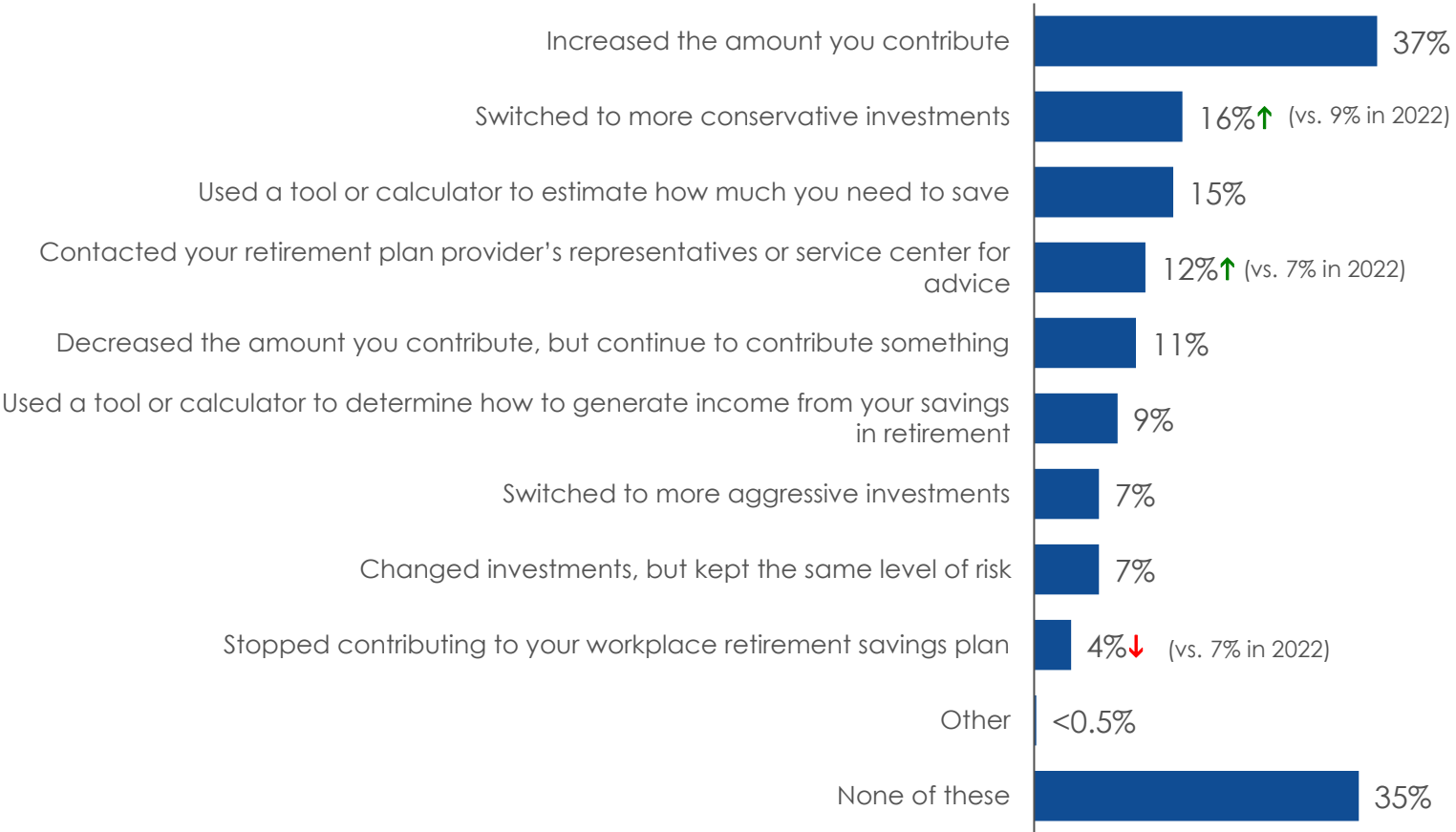
- 1) Over 6 in 10 workers and a third of retirees report their debt is a problem. Debt is negatively impacting their ability to save for retirement. More workers call debt a problem this year than last.
- 2) Half of workers and a third of retirees believe their non-mortgage debt is having a negative impact on their ability to save for emergencies.
- 3) However, even though debt is also impacting ability to save for emergencies, two-thirds of workers and three-quarters of retirees still feel they have enough savings to handle an emergency or large expense.
- 4) Although up from last year, only a quarter of workers use their employer as a source of retirement planning information and 2 in 10 use their employer-sponsored plan provider.
- 5) Overall, about 2 in 5 workers and 1 in 5 retirees say they do not know who to go to for good financial or retirement planning advice.

Workplace Savings

Jessica Sclafani, T. Rowe Price

Among workers who made changes to their workplace retirement plan, almost 2 in 5 increased the amount they contribute. Up from last year, 16% switched to more conservative investments.

Which, if any, of the following have you done in the past year with your workplace retirement plan?
 Workers that made changes to their workplace retirement plan n=657

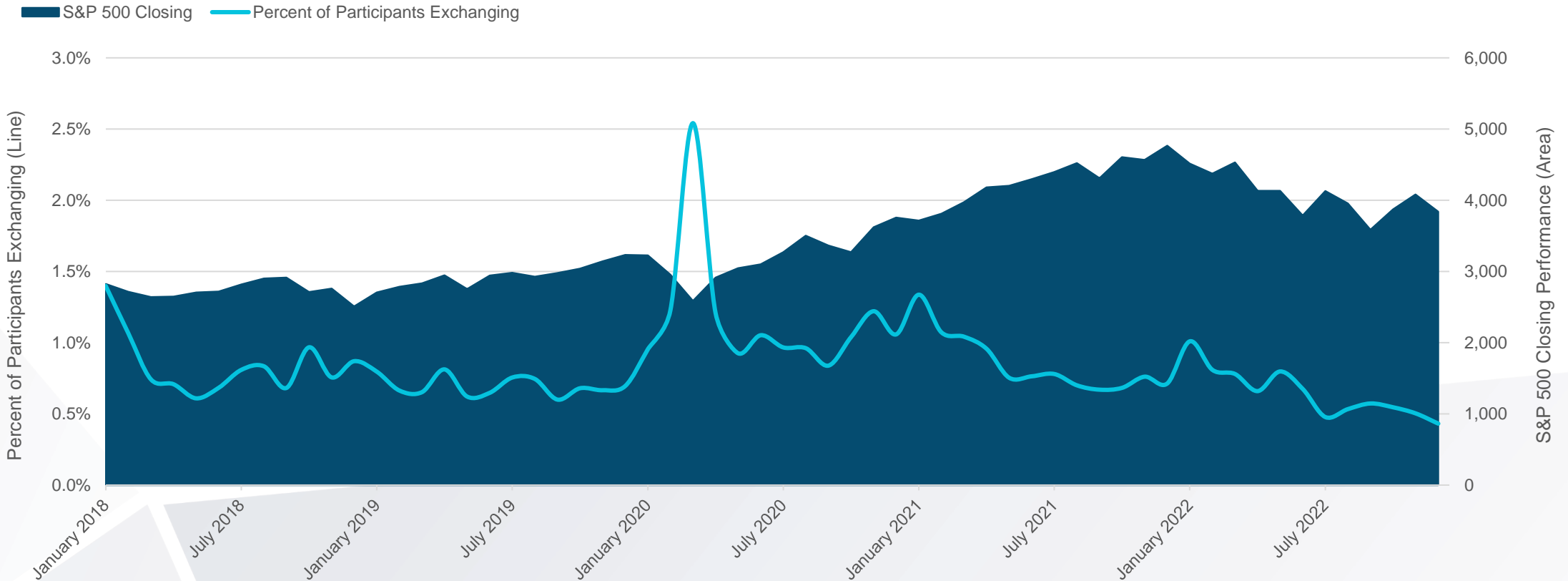


↑=Significantly higher than previous year, ↓=significantly lower than previous year
 Source: 2023 Retirement Confidence Survey.

PERCENT OF PARTICIPANTS EXCHANGING

Participants historically have stayed the course during periods of market volatility and have not exchanged. This trend continued in the last six months of 2022, when exchange activity hit a new low, with just one-half of one percent (0.5%) of participants making an exchange.

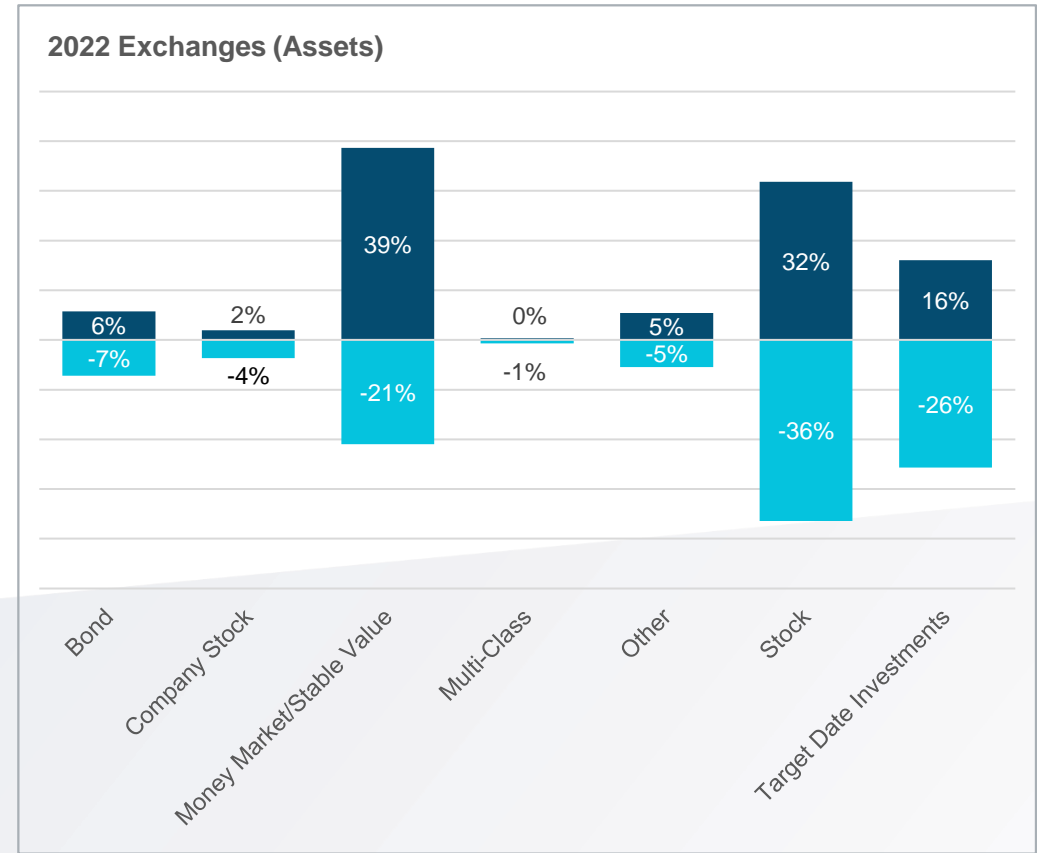
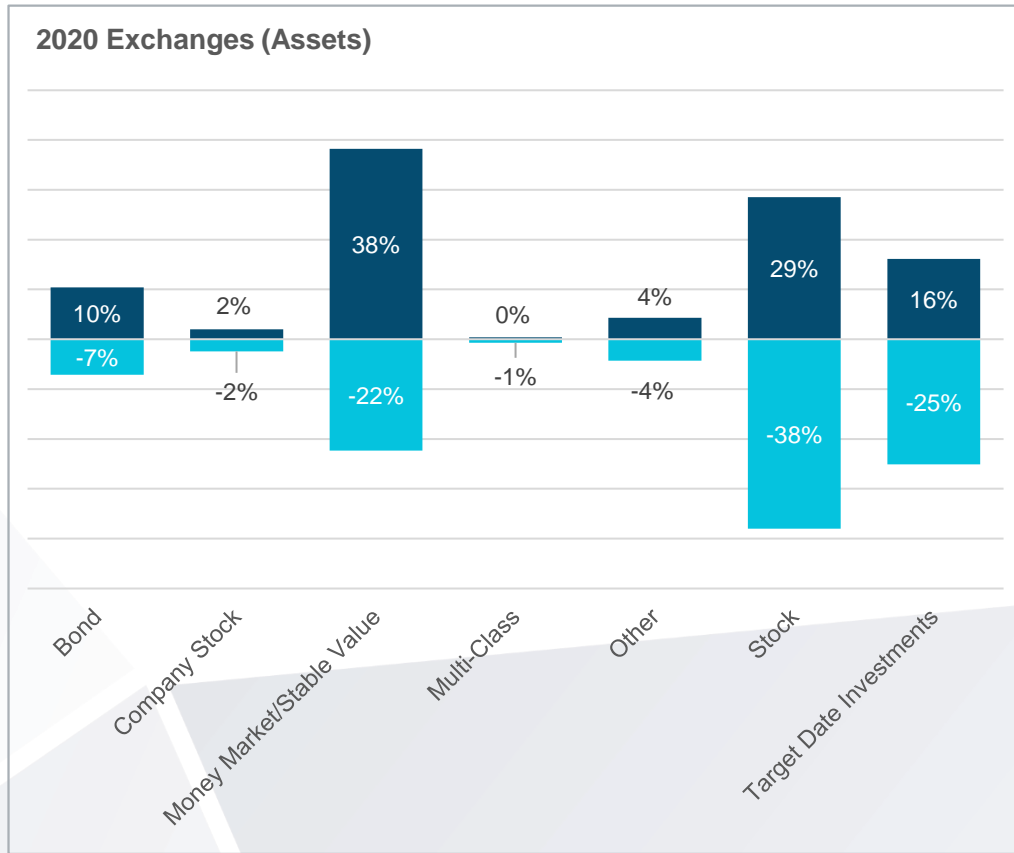
Exchanges vs. S&P 500 Closing



EXCHANGES BY ASSET CLASS

While few participants made an exchange in 2022, those who did primarily moved savings to lower-risk asset classes, mostly money market and stable value. This trend closely matched exchange activity in 2020, when there were periods of high market volatility.

■ Exchange In ■ Exchange Out



EXCHANGE ACTIVITY: TARGET DATE VS. NON-TARGET DATE

Participants who invest 100% in target date investments continue to have the lowest average exchange rate compared with participants who invest partially or 0% in a target date product. The highest exchange activity each quarter has been by participants who do not invest in target date products.

	Percentage of Participants Who Made an Exchange							
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Active Participants With 100% Invested in a Target Date Product	0.9%	0.5%	0.3%	0.3%	0.4%	0.2%	0.2%	0.2%
Active Participants With 0% Invested in a Target Date Product	8.2%	6.3%	5.9%	6.1%	7.3%	6.4%	5.1%	3.1%
Active Participants Partially Invested in a Target Date Product	4.3%	3.2%	2.9%	2.8%	3.3%	2.5%	2.0%	1.7%

Participants with 100% invested in a target date product were

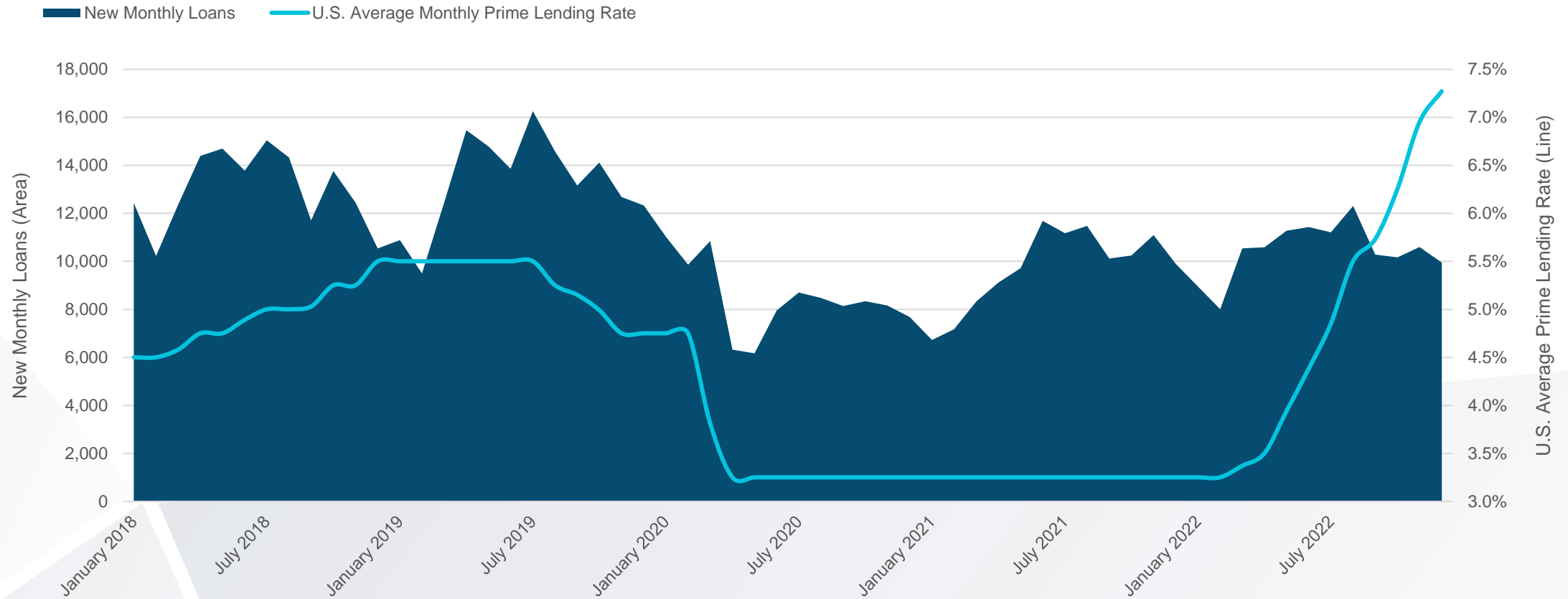
15x

less likely to exchange than those with 0% invested in a target date product during Q4 2022

LOANS AND THE PRIME LENDING RATE

Despite rising interest rates, plan loan activity has remained relatively flat. Loan usage has increased since the low during the pandemic but has not returned to pre-pandemic levels.

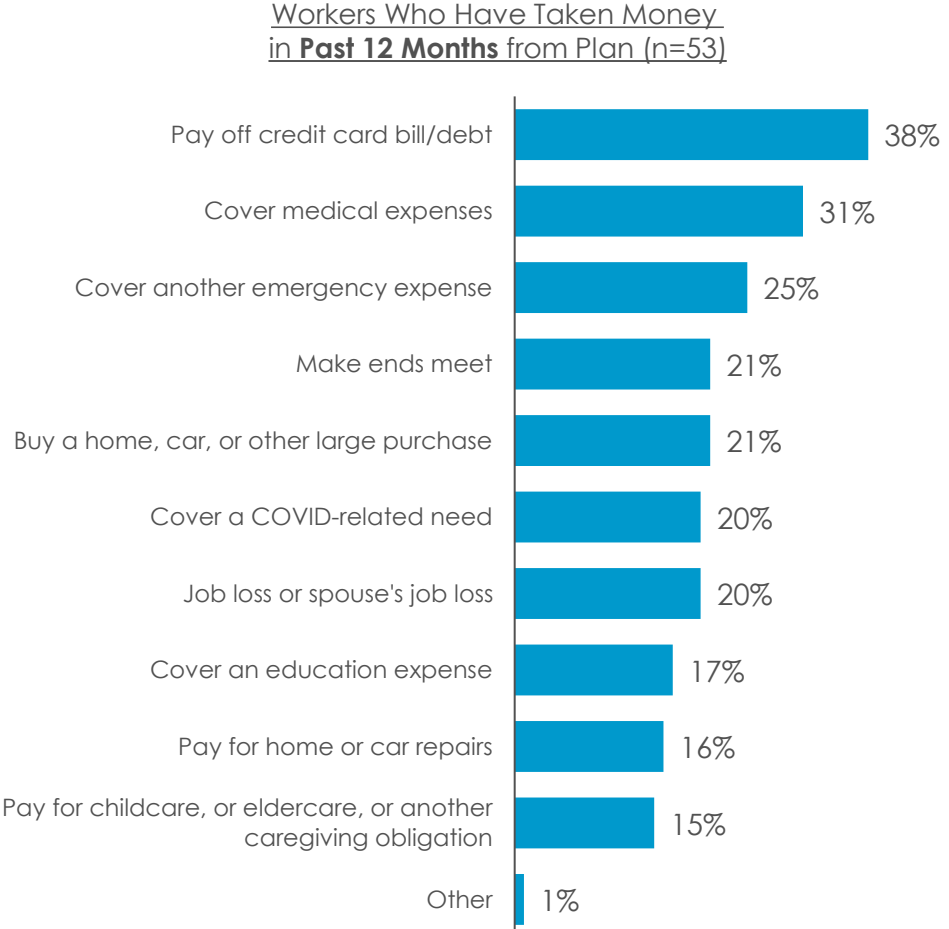
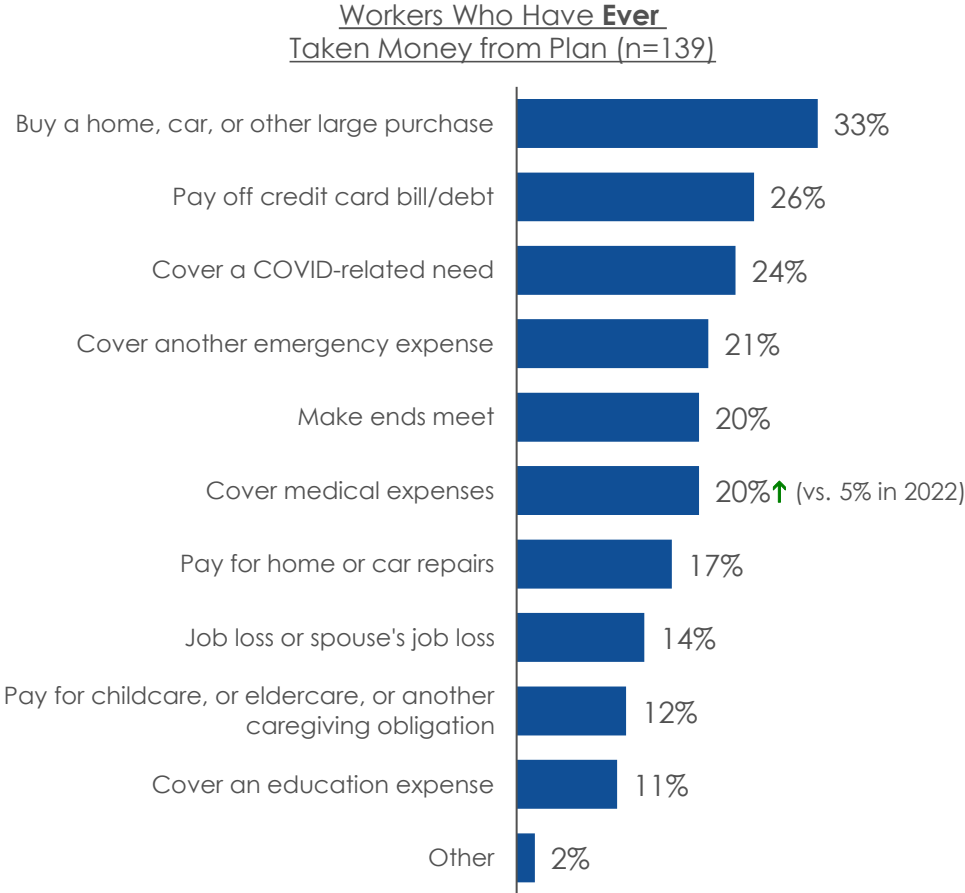
New Loans Issued vs. U.S. Average Monthly Prime Lending Rate



Source: Federal Reserve.

A third of workers who have ever taken a loan or withdrawal did so to make a large purchase. Paying off credit card debt and covering a COVID-related need are also top reasons.

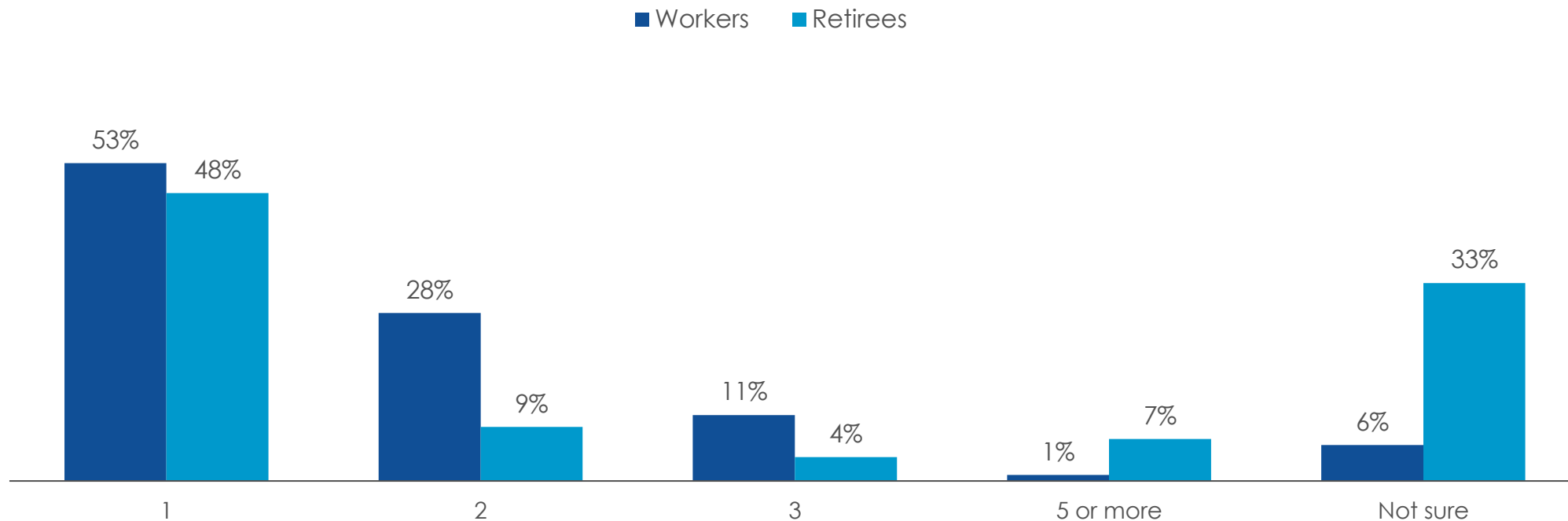
Which of the following, if any, are reasons you took a loan or withdrawal from your retirement savings plan?



↑=Significantly higher than previous year, ↓=significantly lower than previous year
 Source: 2023 Retirement Confidence Survey.

Almost half of workers and retirees who have ever taken a loan only did so once.

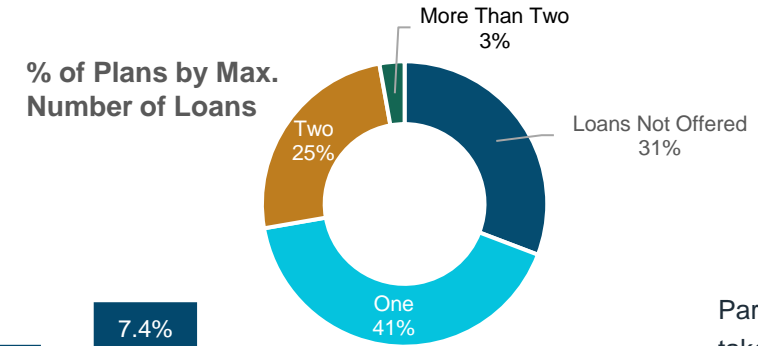
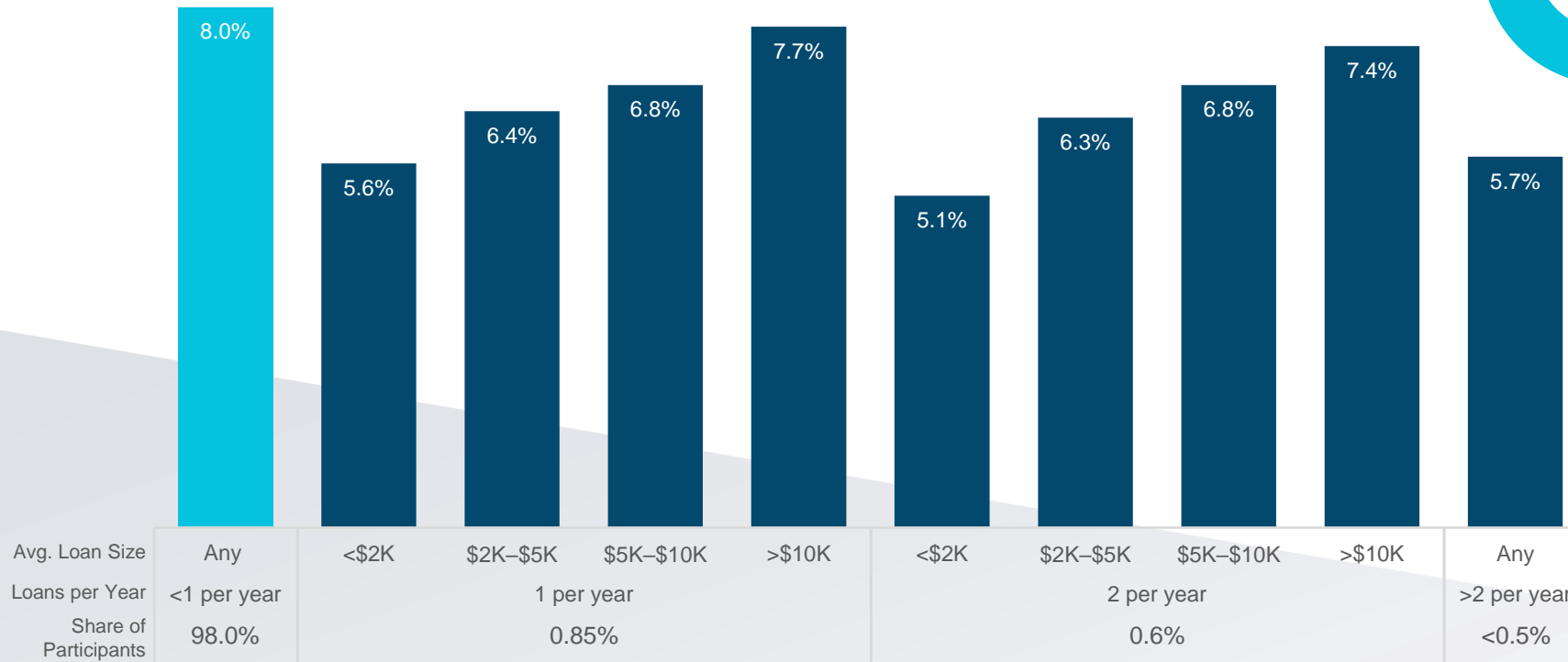
How many loans have you taken from your retirement savings plans?
Taken a loan or withdrawal from your workplace retirement savings plan; Workers n=139, Retirees n=150



IMPACT OF LOANS ON DEFERRAL RATE

Participants who take multiple loans on average have lower deferral rates than participants who rarely or do not borrow. The average deferral rate decreases further among participants who take multiple small loans (less than \$2K each) per year.

Deferral Rate by the Number of Loans Taken per Year and Average Amount



Participants who take multiple loans per year have a deferral rate that is lower by an average of

2.3
percentage points

Data represents participants' behavior between 2018 and 2022.

The purpose of the DC plan is evolving.

54% of plans say the **demographics of their plan's participants are older** now compared to 10 years ago.¹



33% of plans cite an **aging population as a catalyst for re-evaluating the fixed income** investment options.¹

66% of plans **want more participants to keep their balances in plan** after retirement.¹



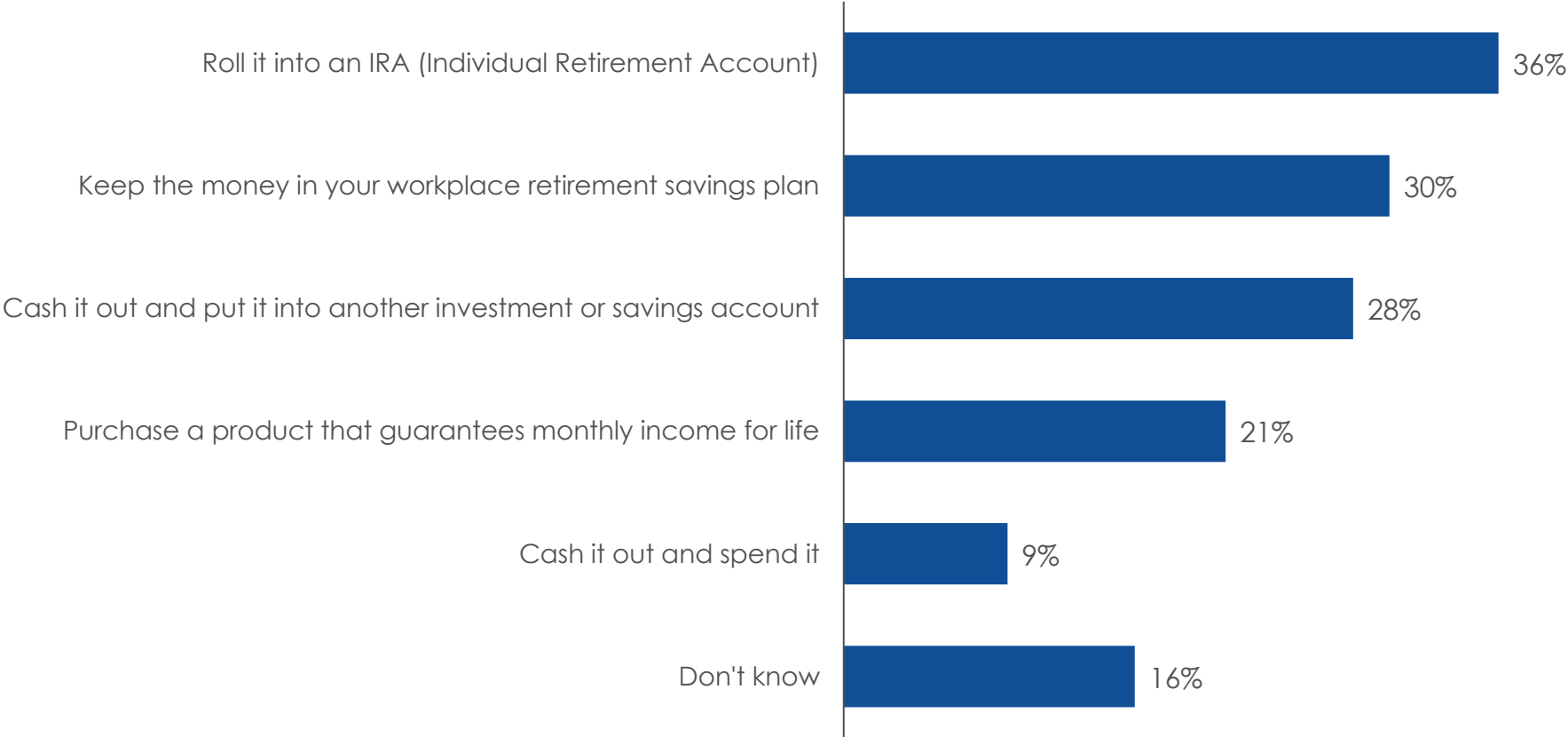
59% of plans already **observe more participants keeping their balances in plan** after retirement.¹

Collectively, this data suggests plan sponsors may want to revisit participants' fixed income options to make sure it still meets the plan's objectives.

¹T. Rowe Price Future of Fixed Income in DC Plans Survey, March 2023.

Over a third of workers who are participating in their workplace retirement plan intend to roll their money into an IRA. Another 3 in 10 would keep their money in the plan.

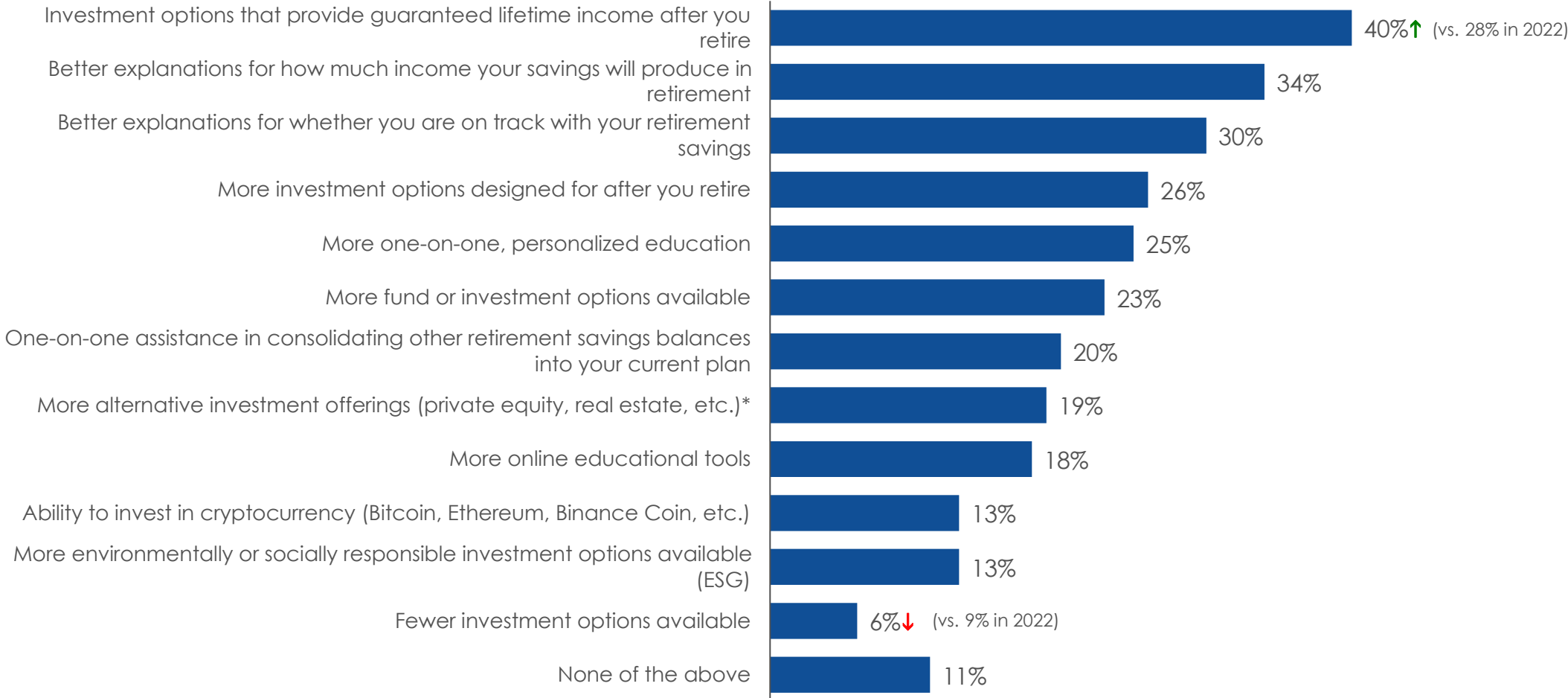
Which of the following are you most likely to do with the money in your retirement savings plan when you retire?
Workers participating in retirement savings plan n=609



Source: 2023 Retirement Confidence Survey.

Up from last year, 2 in 5 workers find investment options that provide guaranteed lifetime income after they retire to be the most valuable improvement to their retirement savings plan.

Which of the following would be the most valuable improvements to your retirement savings plan?
 Workers offered an employer-sponsored retirement savings plan n=657



* Newly added in 2023

↑=Significantly higher than previous year, ↓=significantly lower than previous year

Source: 2023 Retirement Confidence Survey.

Non-guaranteed Solutions Generally Ranked as Most Appealing



PLAN SPONSOR VIEWS¹

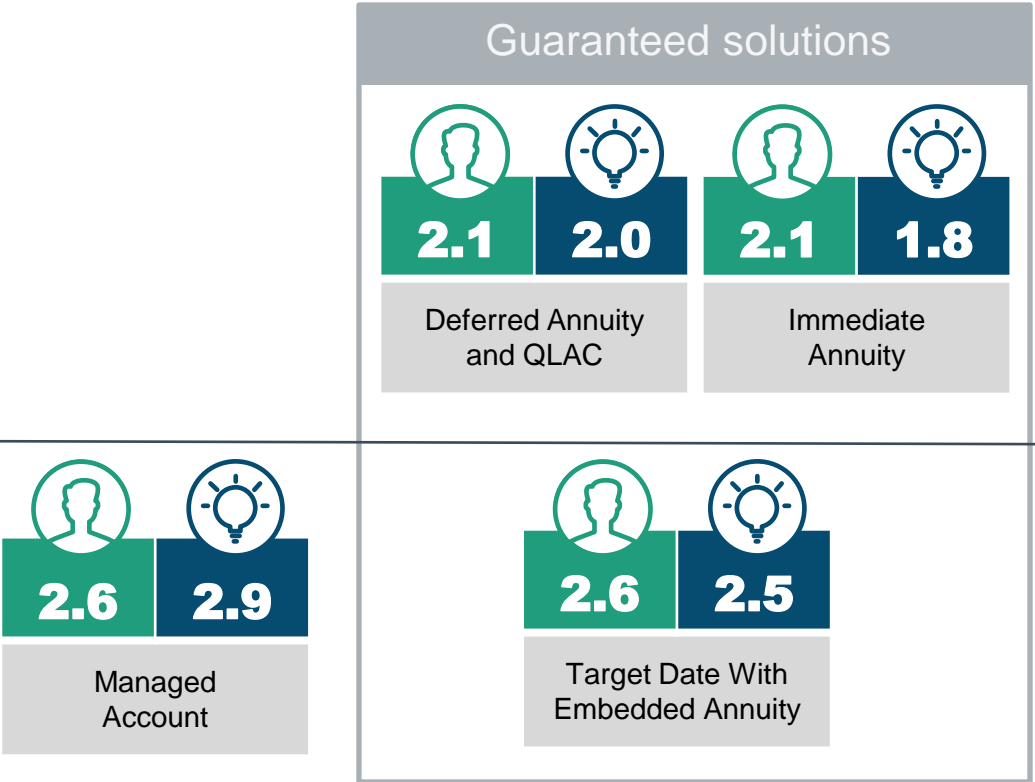


CONSULTANT/ADVISORY VIEWS²

Rating: Least Appealing (1) to Most Appealing (4)

Standalone

QDIA



Illustrative purposes only. Not inclusive of all retirement income solutions available.

¹T. Rowe Price, 2019 An Informed, Research-Based Approach to Better Retirement Outcomes.

²T. Rowe Price, 2021 Defined Contribution Consultant Study, Question 28. Consultants were asked: "Which strategies or solutions are most appealing for delivery of retirement income?" Ranking based on scale of Least Appealing (1) to Most Appealing (4).

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DISCUSSION

Upcoming Events

June 29 — EBRI Retirement Security Research Center Meeting (Members Only)

July 19 — EBRI Public Policy Advisory Committee Meeting (Members Only)

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Webinar Evaluation

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