



# The Great Retirement Divide: Workers Are Stressed, Retirees Are Confident

In their 27th annual Retirement Confidence Survey (RCS) -- the longest-running survey of its kind in the United States -- Employee Benefit Research Institute (EBRI) and Greenwald & Associates found a significant gap in the feelings and perceptions about retirement between workers and retirees.

Among all workers, about half said that programs geared toward retirement and health care planning could help to improve their productivity on the job.

The workers of today are worried about retirement, but as in past iterations of the RCS, they also report that they are doing little to prepare for their financial futures. Specifically, 30% of workers polled "feel mentally or emotionally stressed about preparing for retirement,"<sup>1</sup> while another 30% bring their worries about personal finances to work with them. Among all workers, about half said that programs geared toward retirement and health care planning could help to improve their productivity on the job.

Worry as they might, workers are not taking the steps needed to plan ahead for retirement. Just 61% say they have saved for retirement, only 41% have tried to determine how much money they may need in retirement, and even fewer have estimated how much they will receive in Social Security benefits or tried to anticipate the amount of their regular expenses in retirement.

Commenting on the persistent lack of planning, Lisa Greenwald, assistant vice president of Greenwald & Associates and co-author of the study, stated, "I continue to be struck by the relatively small share of workers who do formal retirement planning. Use of a financial advisor increases with age and income, but just 23% of workers say that they have spoken with a professional advisor about retirement planning and only 1 in 10 report they have prepared a formal plan for retirement."<sup>2</sup> She goes on to point out that many helpful planning steps, such as estimating Social Security benefits or drafting a budget cost individuals nothing except a bit of their time.

But it is not just worry over retirement that is keeping workers up at night. The study revealed that broader personal finance issues such as debt and low savings are also feeding their lack of confidence.

## Retirees: A View From the Other Side

Perhaps because they are living in retirement and no longer contemplating the unknown, retirees continue to report far more confidence about their actual financial situation than workers (who are anticipating the future). Nearly 80% of retirees are "very" or "somewhat" confident in their ability to live out their retirement in comfort. This number includes one-third of retirees who are "very" confident.

By sharp contrast, just 18% of today's workers report feeling "very" confident about living comfortably in retirement, while the percentage of those who are "somewhat" or "very" confident has remained steady at approximately 60% in recent years.

## The Great Retirement Divide: Workers Are Stressed, Retirees Are Confident (continued)

Similar gaps in confidence were evidenced when the topic turned to other financial aspects of retirement. For instance, 66% of workers versus 85% of retirees were "very" or "somewhat" confident in being able to afford basic expenses in retirement. Fifty-four percent (54%) of workers versus 76% of retirees were "very" or "somewhat" confident in their ability to afford medical expenses in retirement. And 38% of workers versus 52% of retirees believe that Medicare will continue to provide the same level of benefits to future recipients that today's retirees enjoy. Though still more confident than workers, retirees appear least confident about their ability to pay for long-term care expenses, such as a nursing home or home health care, should they need them in retirement.

### Worker vs. Retiree Confidence

(Percentages of workers and retirees that are "very" or "somewhat" confident in their ability to afford various financial aspects of retirement.)

	Workers	Retirees
Basic expenses	66%	85%
Medical expenses	54%	76%
Long-term care expenses	43%	55%

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

### Incentives to Plan and Save

In addition to revealing disparities between workers' and retirees' confidence about many financial aspects of retirement, this year's RCS also pointed out some likely incentives for motivating today's workers to save and plan.

- Nearly three in four workers not currently saving for retirement said they would be "very" or "somewhat" likely to start saving if their contributions were matched by their employer.
- Roughly two-thirds said they would be "very" or "somewhat" likely to start saving if they qualified for an income tax refund based on the amount of their contribution to a retirement savings plan.
- Roughly two-thirds said they would be "very" or "somewhat" likely to start saving if their employer made automatic paycheck deductions on their behalf into a savings account, and they had the option of changing or stopping that contribution at any time.

To review the [2017 Retirement Confidence Survey](#) in its entirety, visit EBRI's website.

## The Great Retirement Divide: Workers Are Stressed, Retirees Are Confident (continued)

<sup>1,2</sup>Employee Benefit Research Institute press release, "2017 RCS: Many Americans Are Stressed About Retirement, Aren't Taking Steps to Prepare," March 21, 2017.

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