RCS RETIREMENT CONFIDENCE SURVEY®

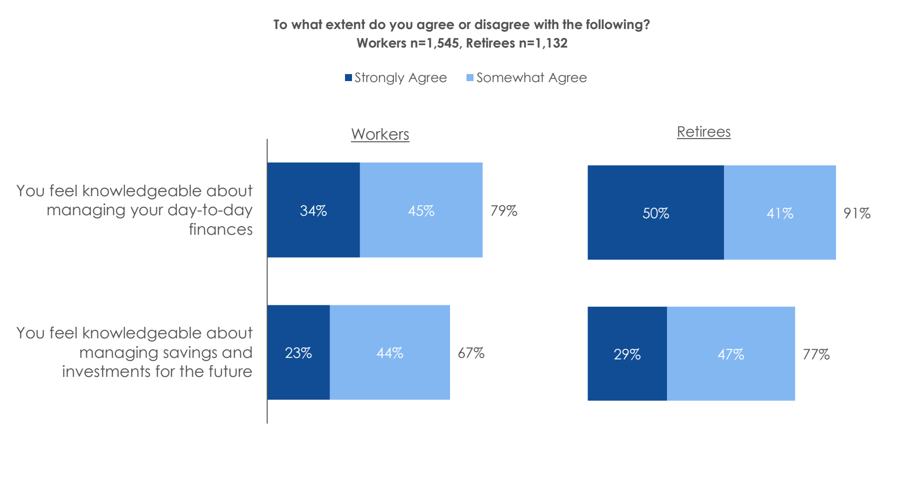
2022 RCS FACT SHEET #7
FINANCIAL BACKGROUND & GOALS

What is the financial background of workers and retirees? Do they understand saving and investing? Do workers prioritize retirement savings? What is hindering retirement savings? The 32nd annual Retirement Confidence Survey (RCS) examined these important topics.

Thoughts on Own Financial Abilities

Eight in ten workers (79 percent) and 9 in 10 retirees (91 percent) either strongly or somewhat agree with the statement that they feel knowledgeable about managing their day-to-day finances. Both workers and retirees are less likely to agree with the statement that they feel knowledgeable about managing savings and investments for the future: 67 percent of workers and 77 percent of retirees (Figure 1). Older workers (ages 55 or older) are more likely to agree with these statements than those ages 25–34. Furthermore, workers who say that debt is not a problem are more likely to agree with these statements compared with those who say it is a major or minor problem. Furthermore, workers with the highest incomes ($75,000 or more) are more likely to agree with these statements compared with those with the lowest incomes (less than $35,000) or with savings and investments of $100,000 or more and compared with those with less than $100,000 in savings.

Figure 1
Worker and Retiree Perceived Knowledge of Managing Day-To-Day Finances and Saving for the Future



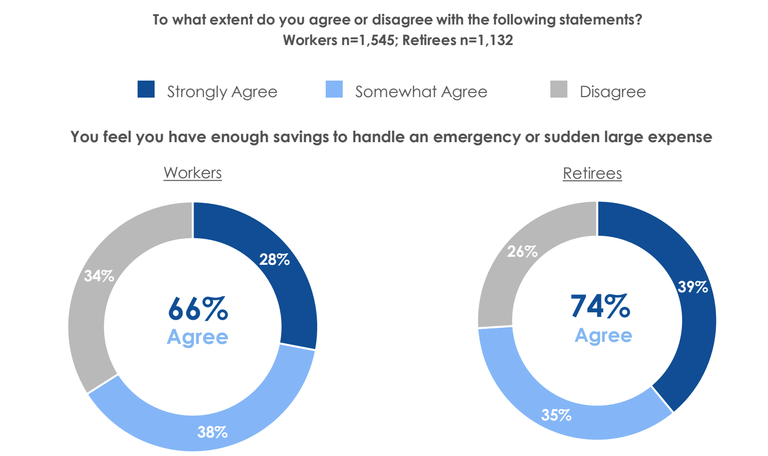
Source: Employee Benefit Research Institute and Greenwald Research 2022 Retirement Confidence Survey.

Ability to Handle an Emergency or Sudden Expense

Two-thirds of workers (66 percent) and three-quarters of retirees (74 percent) either strongly or somewhat agree with the statement that they feel they have enough savings to handle an emergency or sudden large expense (Figure 2). Not surprisingly, workers with household incomes of $75,000 or more are more than twice as likely to say they feel they can handle an emergency expense than those with household incomes of less than $35,000 (78 percent vs. 35 percent). A similarly large difference results between those saying debt is not a problem and those saying it is a major problem (87 percent for debt not a problem vs. 33 percent for a major problem).

These same characteristics also have large differences among retirees. Nine in ten retirees (90 percent) who say that debt is not a problem feel they have enough savings to handle an emergency or sudden large expense compared with only 16 percent who say that debt is a major problem. In addition, 94 percent of retirees with incomes of $75,000 or more feel they can handle an emergency expense vs. just 44 percent of those with incomes below $35,000.

Figure 2
Belief in Handling an Emergency or Sudden Large Expense

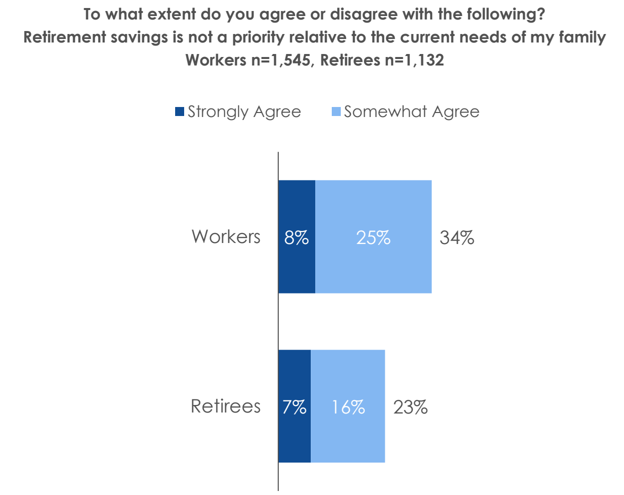


Source: Employee Benefit Research Institute and Greenwald Research 2022 Retirement Confidence Survey.

Savings Priorities

One-third (34 percent) of workers and one-quarter (23 percent) of retirees agree that retirement savings is *not* a priority relative to the current needs of their family (Figure 3). Workers and retirees who have the lowest incomes (less than $35,000) and savings (less than $10,000) and have a major problem with debt are more likely to agree with this statement than those with highest incomes ($75,000 or more) and savings ($1000,000 or more) and who do not have a problem with debt. Also, workers younger than age 45 are more likely to agree with this assertion than workers ages 45 or older.

Figure 3
Saving for Retirement vs. Family Needs Now

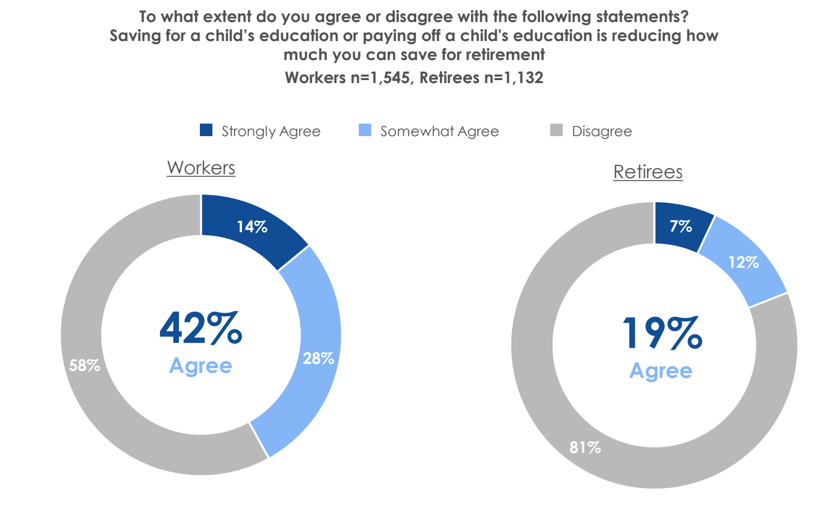


Source: Employee Benefit Research Institute and Greenwald Research 2022 Retirement Confidence Survey.

Paying for college educations has increasingly become a burden for families and has been potentially impacting what they can save for retirement. In fact, 42 percent of workers and 19 percent of retirees either strongly or somewhat agree that saving for or paying off a child's education is reducing how much they can save for retirement. However, only 14 percent of workers and 7 percent of retirees strongly agree with this claim (Figure 4).

Workers who consider debt to be major problem are more likely to agree with this statement: 53 percent vs. 32 percent of workers who do not have a problem with debt. Furthermore, workers younger than age 45 are also more likely to agree that paying for a child's education is affecting their ability to save for retirement relative to workers ages 55 or older (nearly one-half vs. nearly one-quarter).

Figure 4
Saving for or Paying off a Child's Education Impacting How Much Is Saved for Retirement



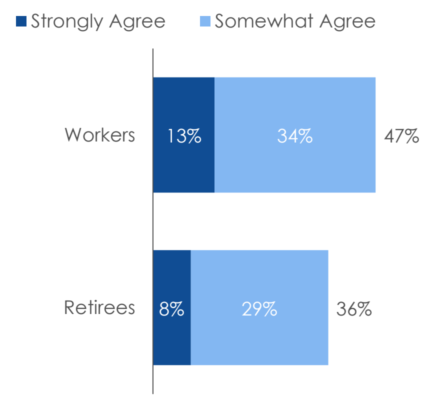
Source: Employee Benefit Research Institute and Greenwald Research 2022 Retirement Confidence Survey.

Long-Term Financial Needs Different Than Other Households

Nearly one-half (47 percent) of workers and just over one-third (36 percent) of retirees agree that their household's long-term financial needs are different than other households (Figure 5). Younger workers (ages 25–34) and workers who consider debt to be a problem are more likely to agree with this statement than those ages 45 or older and those who do not have a problem with debt. Younger retirees (under age 65) and those with lower resources (incomes less than $35,000 and savings less than $10,000) are more likely to agree with this statement than those ages 65–79 and those who have the highest incomes ($75,000 or more) and savings levels ($100,000 or more). Furthermore, workers who have ever taken money from their retirement plan are more likely to agree that their needs are different than those who have not taken any money.

Figure 5
Long-Term Financial Needs Compared With Others

To what extent do you agree or disagree with the following statements?
Your household's long-term financial needs are different than other households
Workers n=1,545, Retirees n=1,132



Source: Employee Benefit Research Institute and Greenwald Research 2022 Retirement Confidence Survey.

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