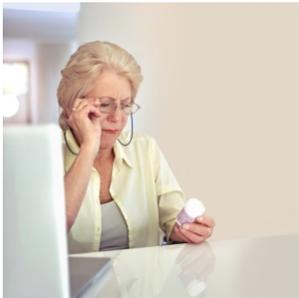


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Retirement Confidence Improves for Workers, Declines for Retirees in Critical Areas



In its 28th annual Retirement Confidence Survey, the Employee Benefit Research Institute (EBRI) discovered that 64% of today's workers feel very or somewhat confident in having enough money to retire comfortably, up from 60% in 2017. And although far more retirees are very confident in their retirement prospects than workers (32% versus 17%, respectively), retiree confidence in their ability to meet basic expenses and medical expenses dropped from the previous year. Moreover, both workers and retirees question the role Social Security will play in future retiree income.

Basic expenses and health-care costs a concern for many retirees

Retiree confidence in meeting basic expenses dropped five percentage points, from 85% in 2017 to 80% in 2018, while confidence in meeting medical expenses dropped seven percentage points, from 77% in 2017 to 70% in 2018.

"Health care expenses in retirement appear to be playing a notable role in retirees' confidence," said Lisa Greenwald, executive vice president of Greenwald & Associates, which co-sponsors the survey each year. "Retirees are less confident in being able to afford medical expenses and the share very confident in affording long-term care also declined.

"Half of retirees say they didn't even try to calculate health expenses before retirement, and more than four in ten retirees say their health care expenses are higher than they expected," she continued. "However, those that did the calculation are less likely to report health is costing them more than expected."

Retirees and workers question Social Security income

Although nearly seven out of 10 retirees report that Social Security is a major source of income for them today, just 45% say they are at least somewhat or very confident that the government program will be able to provide the same level of benefits for future retirees. Similarly, just 36% of workers expect Social Security to provide a major source of income.

This may be one reason why workers are looking for other ways to fill the income gap. For example, 68% of workers expect to work for pay during retirement, compared with just 26% of retirees who say that wages are a source of their income. Eight in ten workers expect that a workplace retirement plan will be a source of income, and the same number of current defined contribution plan participants express interest in putting at least some of their money in guaranteed lifetime income products.

Plan participation leads to confidence

As in past years, those who participate in defined contribution retirement plans were far more likely to report confidence in their ability to live comfortably in retirement than those who do not (76% versus 46%).

"Satisfaction with DC plans is very important because that will encourage their use in building up assets for retirement," said EBRI senior research associate Craig Copeland. "However, the data suggest many plan participants don't know what to do with their DC plan assets at retirement. Three in 10 (31%) said they don't know whether they will roll the money into an IRA, keep it in the plan, or cash it out."

IMPORTANT DISCLOSURES

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