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# REACH



## Workers less confident about their ability to retire comfortably

The 2023 Retirement Confidence Survey from the Employee Benefit Research Institute (EBRI) and Greenwald Research explores the retirement outlook of employees and retirees. The survey provides important insights into the retirement planning process and the progress workers are making with their planning. This article highlights key findings from the survey.

### Overall confidence levels

The 2023 survey found that 64% of workers expressed confidence in their ability to retire comfortably, but only 18% said they were “very” confident that they would have enough money to live comfortably throughout their retirement years. These numbers are significantly lower than those for 2022 -- last year, 28% felt “very confident” and 73% felt “very or somewhat confident.”

	Very Confident	Somewhat Confident
2023	18%	46%
2022	28%	45%
2021	29%	43%
2020	27%	42%
2019	23%	44%

## Affording life’s basics and medical expenses

The research found that 26% of surveyed workers were very confident and 47% were somewhat confident that they would have enough money to take care of basic expenses in retirement.

Paying for medical care in retirement is a serious concern for many people, which is reflected in the data. Only 19% were very confident and 44% were somewhat confident that they would have the financial resources to pay for medical expenses in retirement.

## Preparing for retirement

Nearly two thirds of workers surveyed expressed confidence in the steps that they were taking to prepare for a financially secure retirement - 22% were “very” confident and 44% were “somewhat” confident that they were doing a good job of preparing financially for retirement.

## Having a retirement plan boosts confidence

The research found that workers who have savings in a defined contribution plan (such as a 401(k) plan) or an individual retirement account or who have benefits in a defined benefit plan have a far greater sense of confidence about having sufficient funds to last through retirement than those without such a plan. The survey showed that 74% of surveyed workers who had a retirement plan felt at least somewhat confident about having enough money for a comfortable retirement compared to only 29% without a plan who felt the same way. In 2022, these numbers were, respectively, 83% and 39%.

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## Inflation is a big concern

Not surprisingly, the EBRI survey found that inflation was a worry for many workers (and retirees). The inflation rate averaged 6.5% for 2022, and the Federal Reserve raised the federal funds rate seven times in an effort to curb it. Twenty-nine percent of workers said that inflation is the reason for their lack of confidence in their retirement security, and 84% said that inflation will make it harder for them to save money.

## Debt is a concern, too

At the best of times, too much debt can sideline an individual's finances. During inflationary times, excessive debt can become extremely limiting. This was borne out in the EBRI survey, which found that 62% of workers said that debt is a problem for them, up from 56% of workers who identified it as a problem in 2022. Nearly half of those surveyed said that non-mortgage debt is undermining their ability to save for emergencies.

## Making changes

Many workers with a workplace retirement savings plan reported that they had made changes in the last year. Thirty-seven percent increased the amount they contribute to their plan, 11% decreased their contributions but continued to contribute, while 4% stopped contributions to their plans altogether. Sixteen percent switched to more conservative investments, and 15% used a tool or calculator to estimate how much money they need to save for retirement.

## Workers' knowledge of investments varies

A basic understanding of investment types can go a long way toward helping people make reasonable

decisions about how and where to invest their retirement savings. The 2023 EBRI survey measured the investment knowledge of workers offered a workplace retirement savings plan and found that 67% said that they understand managed accounts very or somewhat well, whereas only 56% said the same about target date funds.

## Estimating the savings needed for retirement

One of the most helpful steps in effective retirement planning involves estimating as closely as possible how much money an individual will need to have saved for a comfortable retirement. Having a specific number in mind can serve as an incentive and inspire individuals to try and actually set aside that amount. The research found that 51% of the surveyed workers said they have tried to figure out how much they will need to have saved so that they can live comfortably in retirement. That's up from 46% in 2022.

## A financial advisor is a trusted source

34% of workers surveyed say that they currently work with a financial professional while 51% said that they plan to work with one in the future. Financial advisors recorded among the highest scores in the "trust" category among workers, with 26% of them stating that their personal, professional financial advisor is their most trusted source of retirement planning information.



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