

Erb Financial
 Peter Sartori
 2243 Lyell Avenue
 Rochester, NY 14606-5719
 585-426-8190
 Support@ErbFinancial.com
 www.ErbFinancial.com



Retiree Confidence Drops in 2020, As Some Workers Worry



The Retirement Confidence Survey conducted each year by the Employee Benefit Research Institute (EBRI) took a slightly different tack in 2020. After completing its initial outreach in January — the 30th in its annual series — EBRI decided to conduct a second survey in late March to gauge how the effects of the COVID-19 pandemic were influencing worker and retiree perceptions, and compared those results with the earlier findings.

In its January research, EBRI found that retiree confidence in being able to afford a comfortable retirement dropped 5 percentage points from the previous year (77% in 2020 compared to 82% in 2019). When the survey was refiled in late March, that percentage held relatively steady at 76%.

In January, 69% of workers expressed confidence in their ability to live comfortably during retirement, which was comparable to 67% in 2019. In late March, the percentage was 63%, which EBRI classified as "lower, but not statistically significant." However, a closer look at worker responses revealed vastly different perceptions about future retirement success among those who either had experienced or expected a negative change in their employment status due to the virus.

Worker confidence based on employment status

"Understandably, retirement confidence is significantly lower among those who say their employment status has negatively changed or anticipate it to negatively change within the next six months," said Craig Copeland, EBRI senior research associate and co-author of the report. "Those who have experienced or worry about negative employment changes lag about 20 percentage points behind other respondents when it comes to confidence in having enough money."

In late March, 11% of workers said their employment status had changed in a negative way since February 1, and 12% expected their situations to change negatively in the coming six months.

% Very/Somewhat confident	No negative employment status change	Negative employment status change
Will have enough money to live comfortably in retirement	67%	47%
Will have enough money to last their entire life	62%	39%
Will have enough to take care of medical expenses	63%	46%
Will have enough to take care of basic expenses	72%	55%
Will have enough for long-term care expenses	56%	28%
Doing a good job preparing for retirement	67%	49%

EBRI also asked which of seven issues were most critical in America today. Among retirees, health care was cited as the most critical issue (35%), followed by the economy (23%). Workers were split about evenly between those two issues (34% and 36%, respectively). Other issues included political climate/leadership (workers, 12%; retirees, 20%); immigration (workers, 6%; retirees, 11%); education (workers, 5%; retirees, 2%); terrorism (workers, 4%; retirees, 5%); and Americans' retirement readiness (workers, 3%; retirees, 3%).

Putting the results into current context

In a section titled, "Thoughts on the Stability of the Results," the report's authors acknowledged that the overall level of retirement confidence among workers and retirees was surprising, given the current health and economic crisis. They noted that the main measure of confidence "focuses on long-term situations," and that "workers' continued confidence is likely reflecting Americans' view that current conditions will pass before they jeopardize long-term financial security in retirement."

The authors also noted the importance of considering the timing of the survey's second round of questioning, when "some of the biggest impacts of the coronavirus in the United States — such as widespread stay-at-home orders and closures of non-essential businesses — had not occurred yet." Although workers who experienced or expected a negative job change represented less than a quarter of the total number of workers who responded during that time frame, researchers concluded that the results could demonstrate how more workers today would respond given the compounding number of job losses in recent weeks.

About the survey

The initial survey of 2,042 Americans was conducted online January 6 through January 21, 2020. The survey included 1,018 workers (at least 25 years old) and 1,024 retirees. The supplemental survey of key questions was refielded between March 20 and 30, 2020. Data was weighted by age, gender, education, household income, and race using Census CPS data to reflect the composition of Americans ages 25 and older.

For more information, visit ebri.org.

IMPORTANT DISCLOSURES

ERB FINANCIAL is an independent contractor who offers Investment Advisory Services & Securities through Excel Securities & Assoc., Inc. member FINRA, SIPC, 200 Canal View Blvd., Rochester NY 14623, 585-424-1234.

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.

