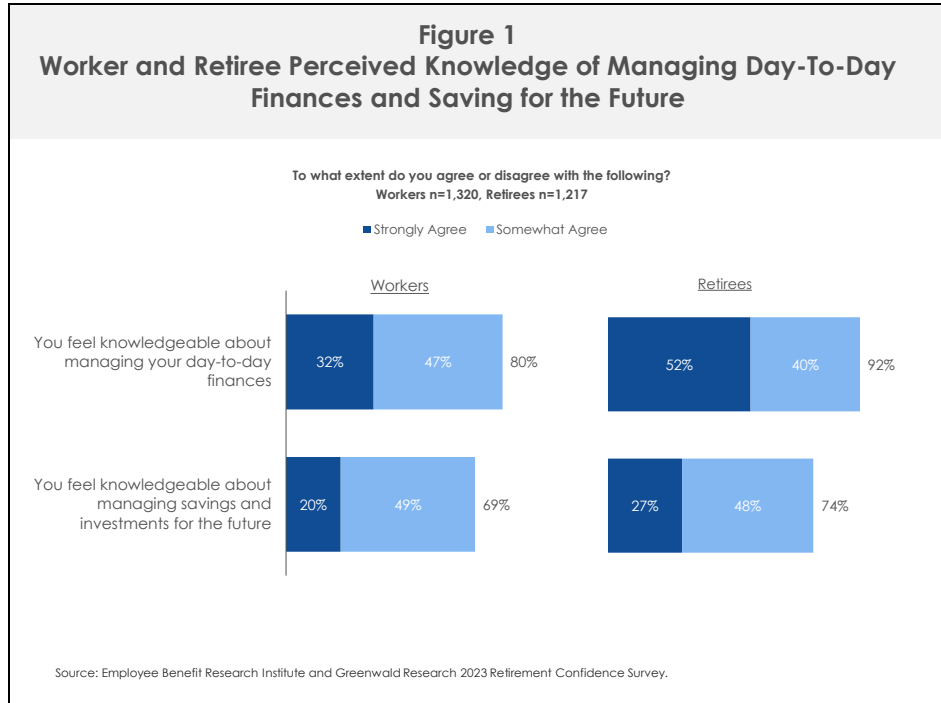


2023 RCS FACT SHEET #7 **FINANCIAL BACKGROUND & GOALS**

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 33rd annual Retirement Confidence Survey (RCS) examined these important topics.

Thoughts on Own Financial Abilities

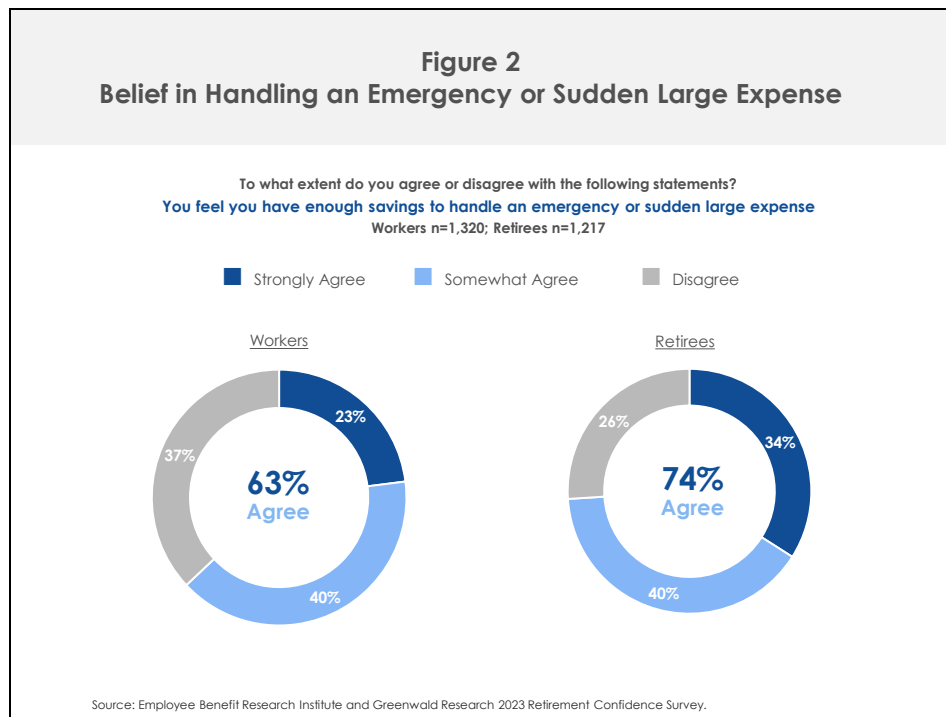
Eight in ten workers (80 percent) and 9 in 10 retirees (92 percent) either strongly or somewhat agree with the statement that they feel knowledgeable about managing their day-to-day finances. Both workers and retirees are less likely to agree with the statement that they feel knowledgeable about managing savings and investments for the future: 69 percent of workers and 74 percent of retirees (Figure 1). Older workers (ages 55 or older) are more likely to agree with these statements than those ages 25–44. 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 lower incomes (less than \$75,000) or with savings and investments of \$100,000 or more and compared with those with less than \$100,000 in savings.



Ability to Handle an Emergency or Sudden Expense

Nearly two-thirds of workers (63 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 (75 percent vs. 34 percent). An even larger difference results between those saying debt is not a problem and those saying it is a major problem (83 percent for debt not a problem vs. 22 percent for a major problem).

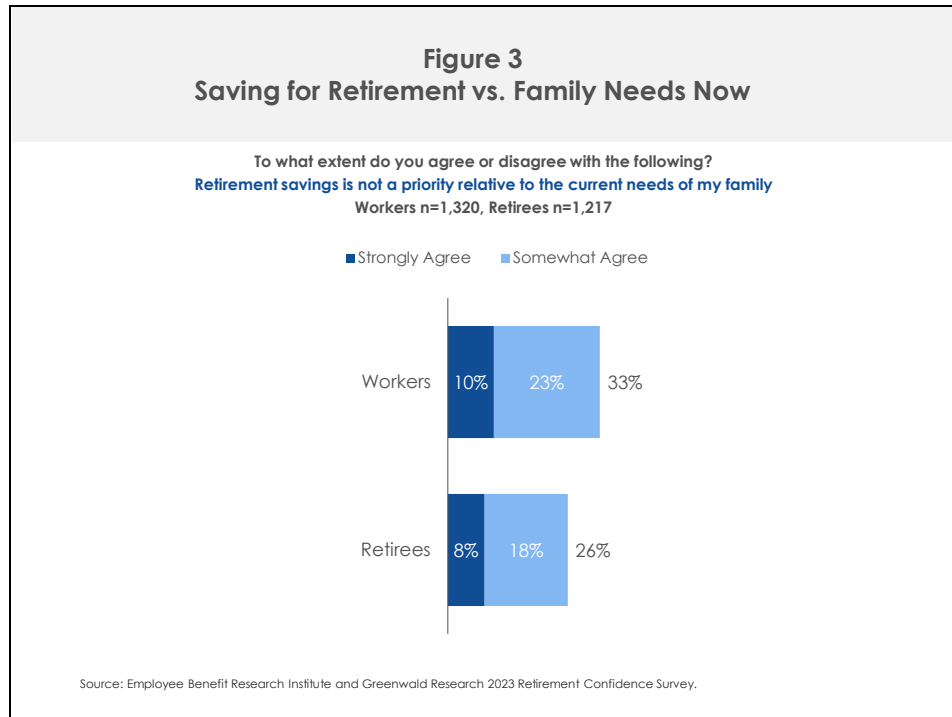
These same characteristics also have large differences among retirees. Nine in ten retirees (92 percent) who say that debt is not a problem feel they have enough savings to handle an emergency or sudden large expense compared with only 8 percent who say that debt is a major problem. In addition, 92 percent of retirees with incomes of \$75,000 or more feel they can handle an emergency expense vs. just 50 percent of those with incomes below \$35,000.



Savings Priorities

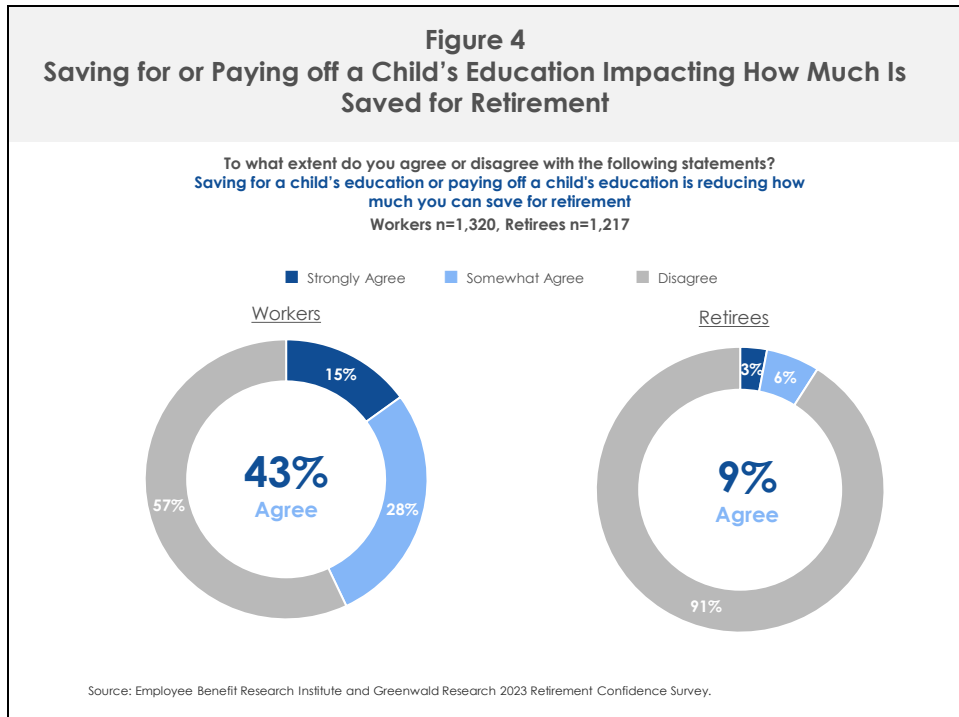
One-third (33 percent) of workers and one-quarter (26 percent) of retirees agree that retirement savings is *not* a priority relative to the current needs of their family (Figure 3). Workers and retirees who have the lowest incomes (less than \$35,000) and savings (less than \$10,000) and have a major 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 55 are more likely to agree with this than workers ages 55 or older.



Paying for college education has increasingly become a burden for families and has been potentially impacting what they can save for retirement. In fact, 43 percent of workers and 1 in 10 retirees (9 percent) 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 15 percent of workers and 3 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: 57 percent vs. 27 percent of workers who do not have a problem with debt. Furthermore, workers younger than age 55 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 (approximately one-half vs. nearly one-fifth).

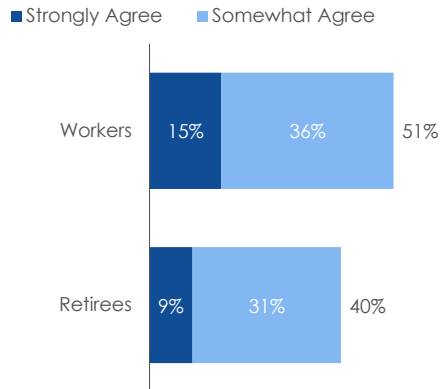


Long-Term Financial Needs Different Than Other Households'

One-half (51 percent) of workers and 4 in 10 retirees agree that their household's long-term financial needs are different than the needs of other households (Figure 5). Younger workers (ages 25–44) and workers who consider debt to be a problem are more likely to agree with this statement than those ages 55 or older and those who do not have a problem with debt. Retirees under age 65 and those with lower levels of resources (incomes less than \$35,000 and savings less than \$10,000) are more likely to agree with this statement than those ages 65–69 and those who have incomes of \$35,000 or more and savings levels of \$100,000 or more, respectively. Furthermore, workers who have taken money from their retirement plan in the last 12 months are more likely to agree that their needs are different than those who have not taken any money out.

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=1,320, Retirees n=1, 217



Source: Employee Benefit Research Institute and Greenwald Research 2023 Retirement Confidence Survey.

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