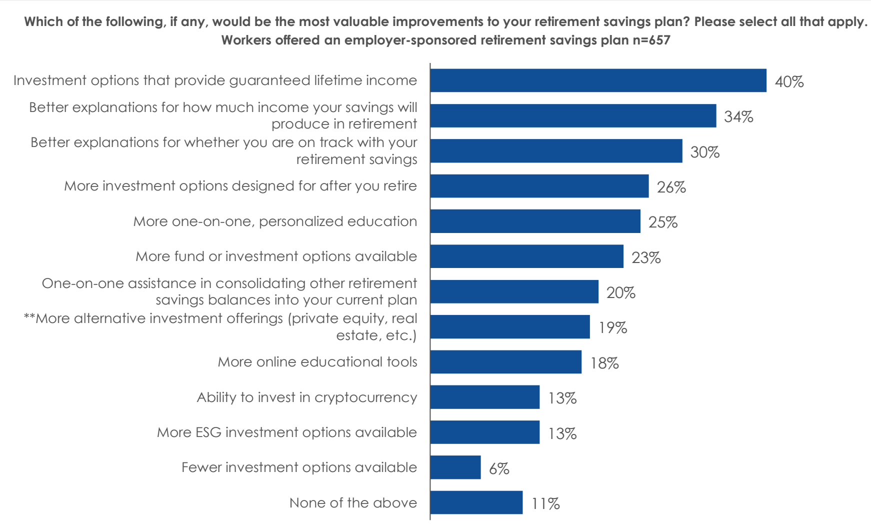
2023 RCS Fact Sheet #8
Income Stability vs. Maintaining Assets and Choices for Income in Retirement

What are workers looking to do with their savings in retirement? Do they value income stability over maintaining assets? Do workers want to manage their own assets or purchase a product that provides guaranteed income for life? The 33rd annual Retirement Confidence Survey (RCS) examined these important topics on what workers are looking to do with their retirement savings and how they are anticipating generating or managing their income in retirement.

Most Valuable Improvements to Workplace Retirement Plans

Among workers offered a retirement savings plan, 3 of the top 4 choices they say they would value the most in their retirement savings plans deal with the provision or understanding of income after retirement (Figure 1). The top two improvements selected are investment options that provide guaranteed lifetime income (40 percent) and better explanations for how much income their savings will produce in retirement (34 percent). Also, 26 percent cite more investment options designed for after they retire. The other possible improvement in the top four — better explanations for whether they are on track with their retirement savings (30 percent) — is an improvement not directly for *after* retirement. However, it does help those offered a plan understand whether they are on the path to a desired income level in retirement.

Figure 1
Most Valuable Improvements to Retirement Savings Plans



**Newly added in 2023.
Source: Employee Benefit Research Institute and Greenwald Research 2023 Retirement Confidence Survey.

What Will Happen to Workplace Savings After Retirement

When workers who are currently contributing to a workplace retirement savings plan are asked what they are most likely to do with their money when they retire, the most often cited choice, at 36 percent, is that they will roll it into an individual retirement account (IRA) (Figure 2). The next two most selected choices all have similar percentages of likely action, but slightly lower: keep the money in their workplace retirement savings plan (30 percent) and cash it out and put it into another investment or savings account (28 percent). One in five (21 percent) say they will purchase a product that guarantees monthly income for life, while 9 percent say they will cash it out and spend it. Nearly 1 in 5 (16 percent) do not know what they will do with the money.

Those ages 25–44 are more likely than those ages 55 or older to say they will cash it out and put it into another investment or savings account and purchase a product that guarantees monthly income for life. In addition, those having savings and investments of $100,000 or more are more likely to say they will roll over their retirement savings to an IRA and keep the money in the plan than those with savings of less than $10,000.

Figure 2
What Will Participants Do With Their Retirement Plan Savings When They Retire

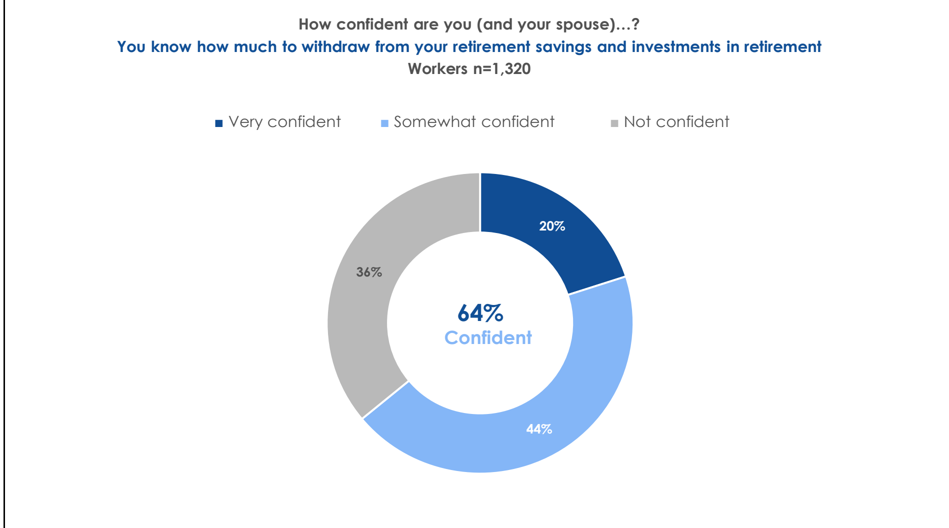
When you retire, you will have a choice about what to do with the money you have in your workplace retirement savings plan. Which of the following are you most likely to do with the money in your retirement savings plan when you retire? Select all that apply.
Workers currently contributing to a workplace retirement savings plan n=609

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

Confidence in Knowing How Much to Withdraw From Savings

Nearly two-thirds (64 percent) of workers feel somewhat or very confident in knowing how much to withdraw from their retirement savings and investments in retirement (Figure 3). This is not statistically different by age. However, those with incomes of less than $35,000 are less likely to be confident in knowing how much to withdraw compared with those with incomes of $35,000 or more. This is also true for those with incomes of $35,000 to less than $75,000 vs. those with incomes of $75,000 or more.

Figure 3
Confidence in Knowing How Much to Withdraw From Retirement Savings and Investments in Retirement

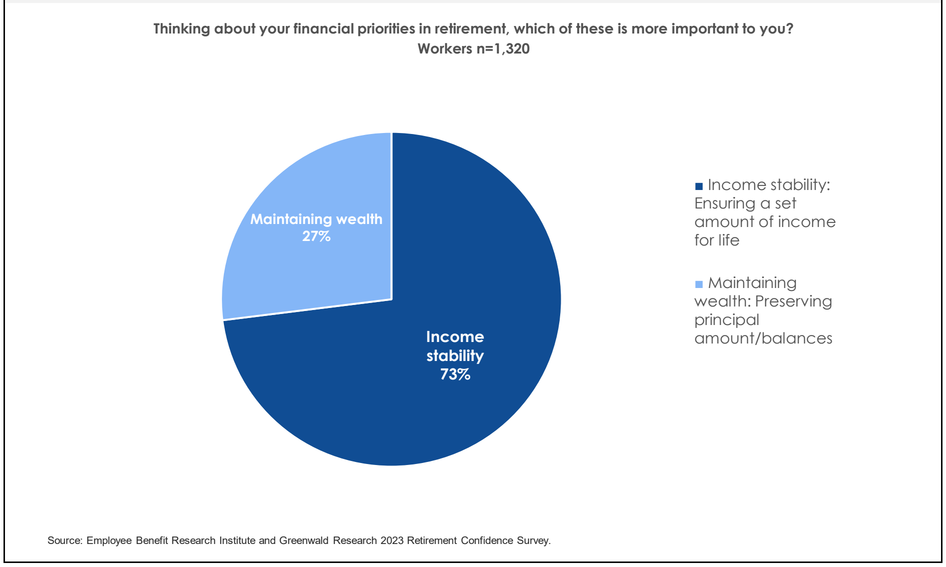


Source: Employee Benefit Research Institute and Greenwald Research 2023 Retirement Confidence Survey.

Income Stability vs. Maintaining Wealth

Over 7 in 10 (73 percent) workers say that income stability is more important to them than maintaining wealth when asked to compare these options (Figure 4). Those with incomes below $75,000 are more likely to say that income stability is more important than those with incomes of $75,000 or more. Similarly, those who have *not* saved for retirement have higher likelihoods of saying income stability is more important compared with those who have saved for retirement. For those who did not consider their debt to be problem, they are more likely to prefer to maintain wealth vs. income stability than those who consider their debt a problem.

Figure 4
Importance of Income Stability vs. Maintaining Wealth



Managing Savings vs. Purchasing a Lifetime Income Product

Another question in RCS that explores what workers are thinking about doing with their assets in retirement is which approach they would take between managing their own savings throughout retirement vs. purchasing a product that provides guaranteed income for life. Thirty-six percent of workers say they are likely to manage their own savings vs. 24 percent who say they are likely to purchase a product that guarantees a set amount of monthly income for life (Figure 5). Another 34 percent would take a combination of these approaches.

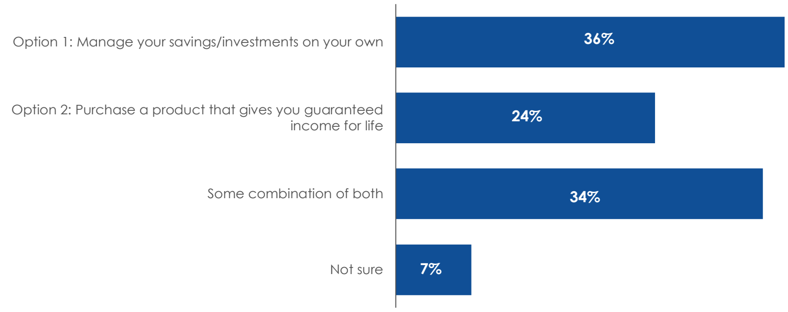
Workers ages 55 or older are less likely to say they would purchase a product that provides guaranteed income for life than workers ages 35–44. In addition, workers with savings and investments of $10,000 or more are more likely to say that they will manage their savings vs. those with savings below $10,000. Those who are confident that they will have enough money to live comfortably throughout retirement are also more likely to say they will manage their savings in retirement than those who are not confident they will have enough money.

Figure 5
Managing Savings vs. Purchasing a Product for Guaranteed Income for Life

Please consider the following two approaches to managing assets and generating income in retirement. Which approach are you most likely to take?
Workers n=1,320

Option 1: You manage your savings and investments on your own and determine your own strategy for generating income. This approach gives you control over your investments and withdrawals. You can choose investments with higher or lower fees. It does not guarantee income for life and your investments may lose money.

Option 2: You purchase a product that guarantees you a set amount of monthly income for life. Monthly income would vary based on how much you "purchased." This approach gives you little control over those assets. The fees may be higher than other financial products because of the guarantee it provides that you will not run out of money.



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

###