



# FINDINGS FROM THE SOCIETY OF ACTUARIES 2021 RETIREMENT RISK SURVEY AND OTHER CONSUMER RESEARCH

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Aging and  
Retirement



Diversity,  
Equity  
and Inclusion

# Presentation Disclaimer

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# Background and Methodology



# Current Environment and Context

Retirement Unpreparedness	Individual Challenges	Individual Circumstances	Outside Influences
<ul style="list-style-type: none"><li>• A major <b>shift from DB to DC</b> plans</li><li>• Many Americans will <b>lack adequate assets</b> to maintain living standard in retirement</li></ul>	<ul style="list-style-type: none"><li>• <b>Financial literacy</b> challenges and for many with limited unbiased support</li><li>• Recent inflation and <b>big cost increases</b> over time: college costs, student loans, and housing</li></ul>	<ul style="list-style-type: none"><li>• <b>Great Recession</b> impacted many careers—especially Millennials</li><li>• <b>Demographics</b>—life spans, aging population, family structures, number of children</li></ul>	<ul style="list-style-type: none"><li>• <b>COVID-19 pandemic</b> had uneven financial impacts</li><li>• <b>Massive technology</b> changes</li><li>• Broad recognition of <b>climate change</b></li><li>• <b>Demographics</b>—aging population, immigration</li></ul>

# Background:

## Post-Retirement Needs and Risk Committee

### The Committee

#### Overall goal:

Understand and improve post-retirement risk management

- Over 20 years of work
- Members from many disciplines of retirement expertise
- Component of Aging and Retirement Strategic Research Program

### Our Work

- Variety of research approaches
  - **Retirement Risk Survey** series—long-term (20+ year) project
  - Consumer surveys
  - Calls-for-essays
  - Contracted research
- Repeated themes in the research
- Summaries of major research in series of reports

# Background: Retirement Risk Surveys

## Conducted biennially since 2001

- Each survey has topics of interest and new content
  - Show trends with key repeated questions
  - Include new questions to address topics of interest or current conditions
- Focus on individuals and needs of aged 45 and over pre-retirees and retirees
- Survey conducted online since 2013

## The 2021 Survey

- New questions added to:
  - Gain insight into the impact of COVID-19
  - Better understand financial shocks and impact of change
- 2021 Survey includes focus on race and ethnicity
- Fielded in June 2021

Go to **soa.org** to find the Highlights and full report

# Background: Generations Surveys

## Conducted in 2018 and 2021

- Compare financial management across generations
- Focus on broad range of financial issues and priorities including financial fragility
- Desire to improve retirement security and help stakeholders improve their strategies

## The 2021 Survey

- Understand how the COVID-19 pandemic affected financial security and emotional wellbeing
- 2021 Survey includes focus on race and ethnicity
- Fielded in January 2021

Go to [soa.org](https://soa.org) to find the report and papers published in 2021-2022

# 2021: An Unusual Year

## The Big Story: The COVID-19 Pandemic

- Risk Survey conducted in June 2021 when optimism could have been high
  - Pandemic had subsided and vaccines were widely available
  - New variants had not yet been discovered
- **Mixed impact on individual finances**
  - Pre-retirees more susceptible to negative impact than retirees due to impact on employment
  - Behavior changes (e.g., lower spending) could be due to different considerations

## What this Means for the Surveys

- Need to be **cautious about trends**
  - Individuals often react to current situations which may have changed since the survey was fielded and certainly changed since the 2019 survey
  - Respondents have more sources of retirement income, including pension benefits, than past surveys
- Important to look at the **range of responses**, not just averages, due to the diversity of impact of COVID-19



# Some Observations

## Trends

- Retirees continue to have lower concern than pre-retirees
- The gap in concern increased— retiree concern declined while pre-retiree concern was consistent

## Vulnerable Populations

- Lower income and wealth increase challenges and concerns
- Those financially affected by COVID-19 showed greater vulnerability

## Preparing for Retirement

- Pre-retirees and retirees are generally **not** prepared for change in retirement
- Similarly, they are vulnerable to unexpected financial shocks

## Managing in Retirement

- Retirees tend to have a better standard of living than they expected before they retired
- Family support can be important, but is not anticipated

# Today's Discussion

## Retirement Risk Perceptions

- Retirement Risk Survey

## Family and Caregiving

- Retirement Risk Survey

## COVID-19 Issues

- Generations Survey
- Retirement Risk Survey

## Planning and Financial Priorities

- Generations Survey
- Retirement Risk Survey

## Shocks and Unexpected Expenses

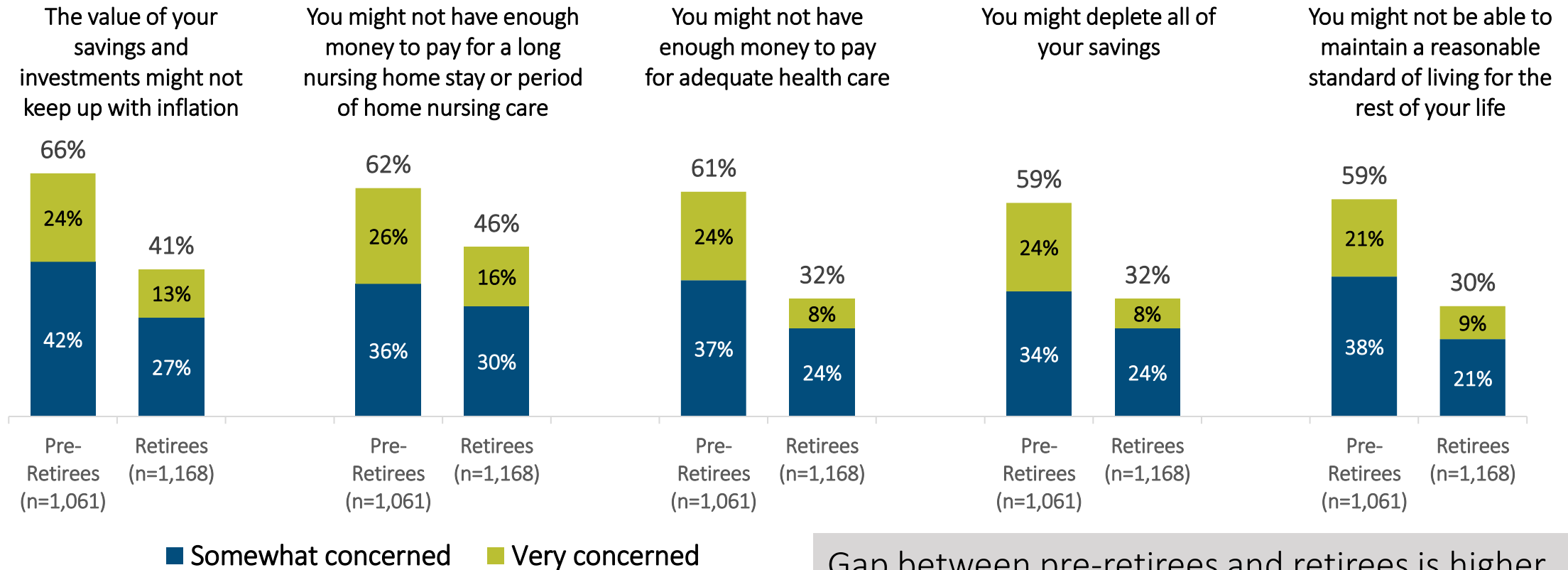
- Retirement Risk Survey

# Retirement Risk Perceptions



# Top Pre-Retiree and Retiree Concerns

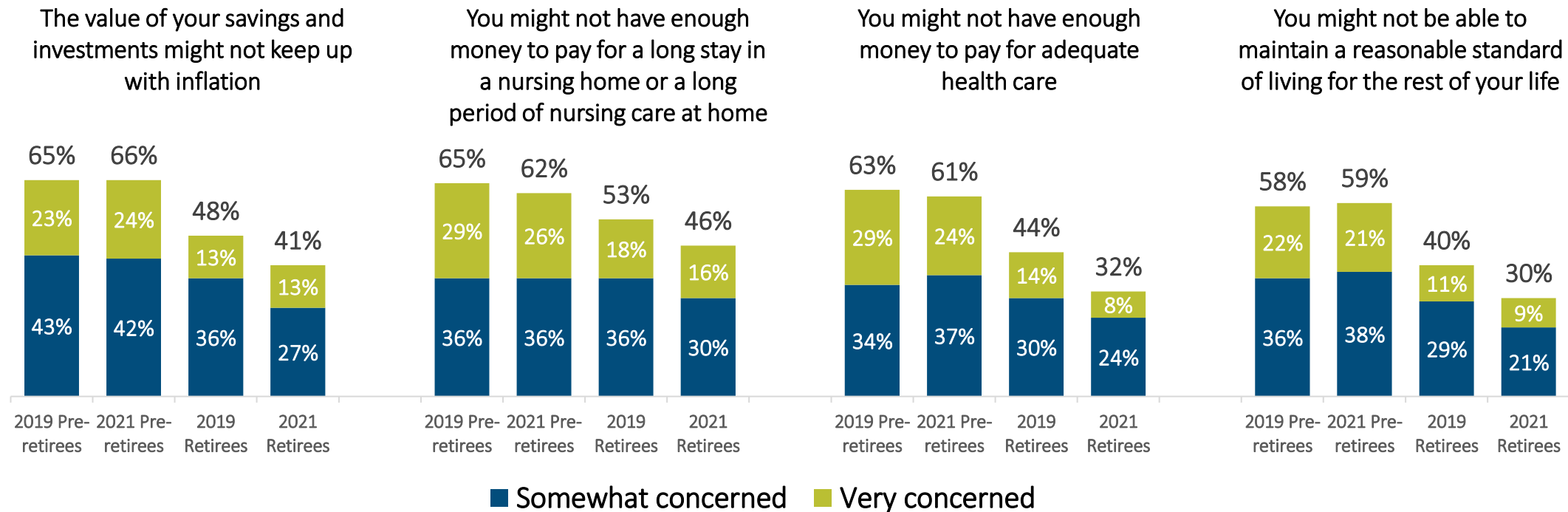
How concerned are you about each of the following (in retirement)?



Gap between pre-retirees and retirees is higher than in earlier studies

# Retirement Concerns Compared to 2019

## How concerned are you about each of the following (in retirement)?

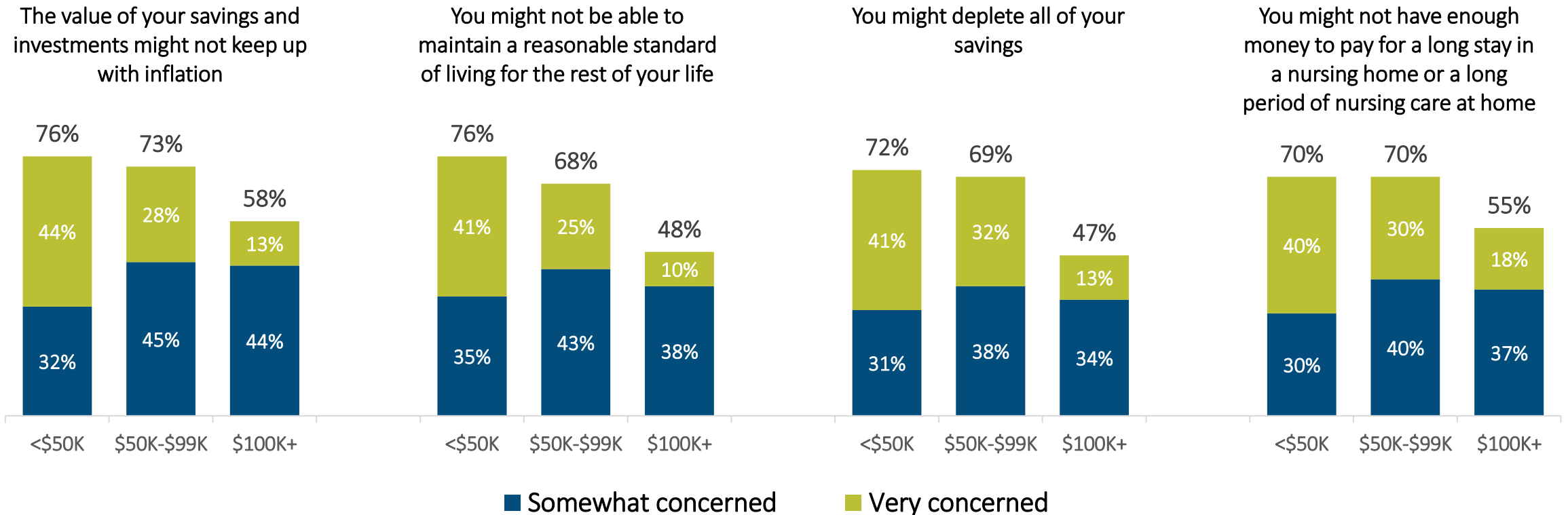


n=	Pre-retirees	Retirees
2021	1,061	1,168
2019	1,046	1,051

Retirees' concerns about issues drop to an all-time low; pre-retirees maintain historically low levels found in 2019.

# Higher Income Leads to Lower Levels of Concern

## How concerned are you about each of the following in retirement? [Pre-Retirees]

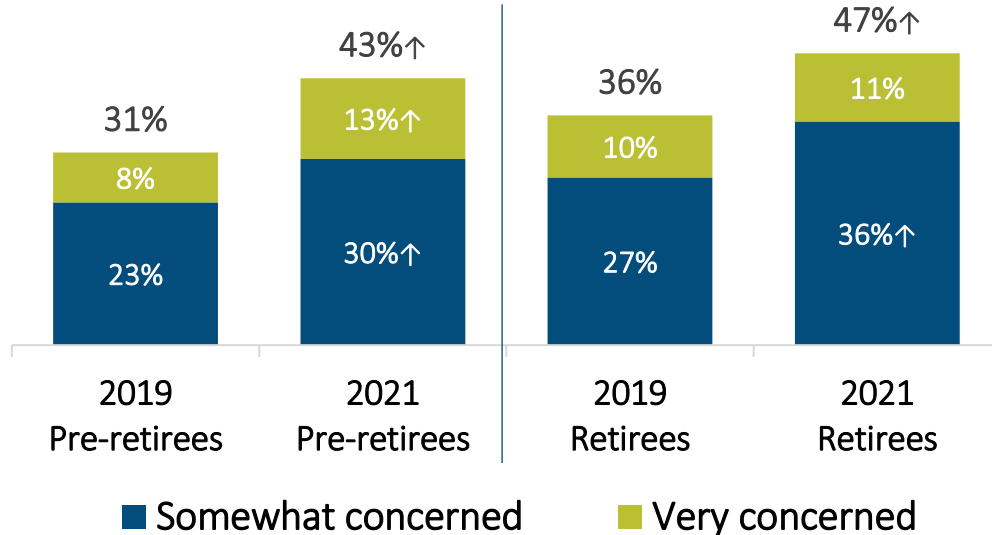


Pre-Retirees, n=1,061

# Fraud and Scam Concerns are Up from 2019

## How concerned are you about being the victim of a fraud or scam (in retirement)?

### Overall (and Compared to 2019)



n=	Pre-retirees	Retirees
2021	1,061	1,168
2019	1,046	1,051

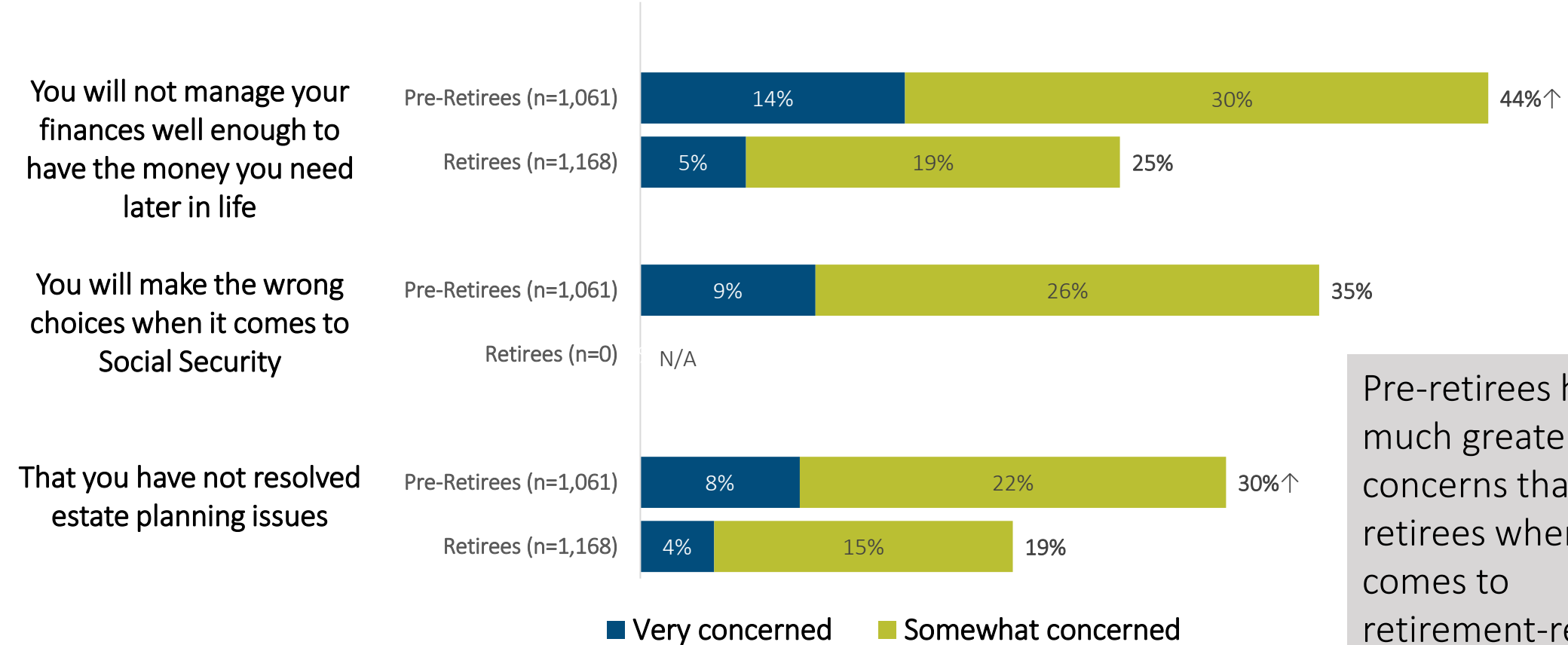
### By Race and Ethnicity

White	Black/African American	Asian American	Hispanic/Latino
<b>Pre-Retirees</b>			
39% n=743	52% n=95	64% n=110	45% n=95
<b>Retirees</b>			
46% n=832	64% n=108	42% n=96	47% n=105

Asian American pre-retirees and Black/African American respondents have especially high concern

# Concerns About Managing Money Later in Life

How concerned are you about each of the following (in retirement)?



Pre-retirees have much greater concerns than retirees when it comes to retirement-related well-being.

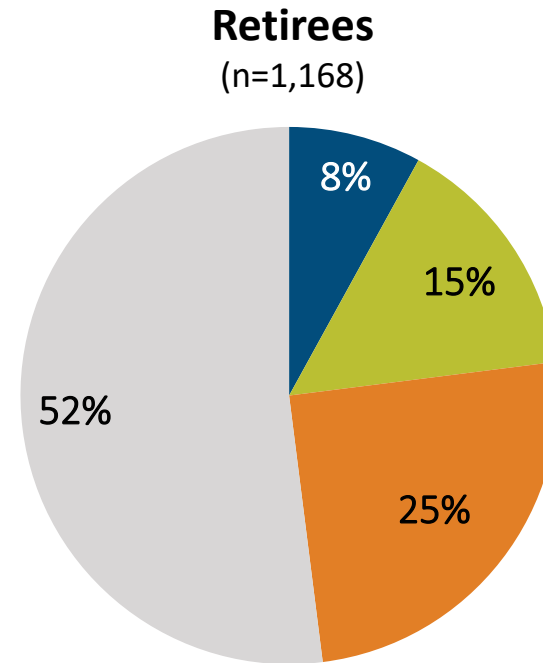
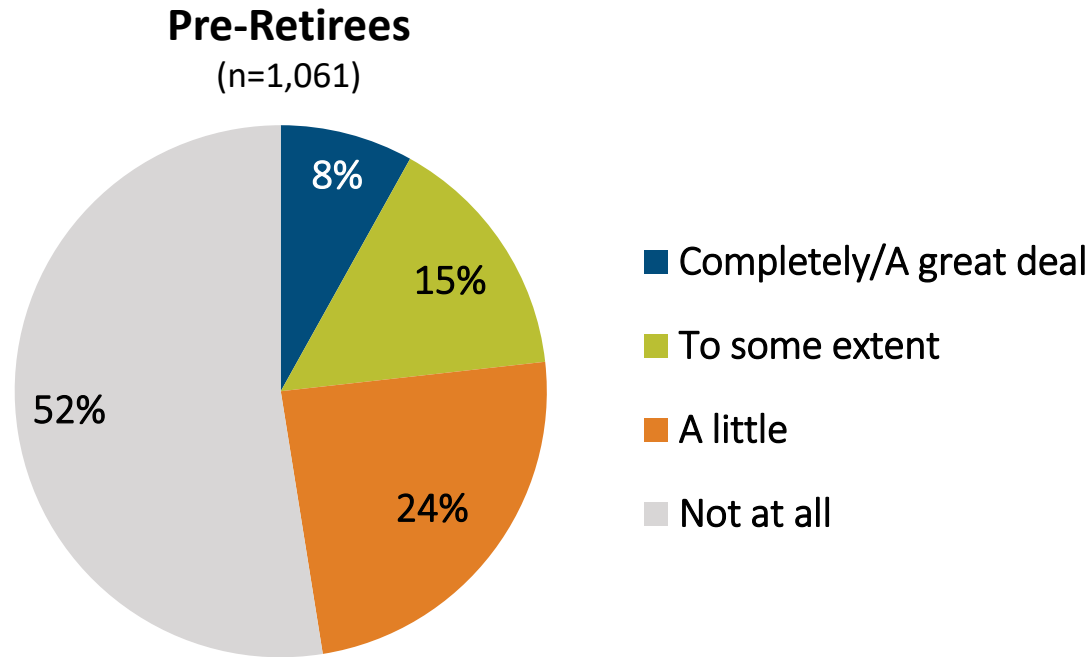


# Family and Caregiving



# Reliance on Family/Friends for Care

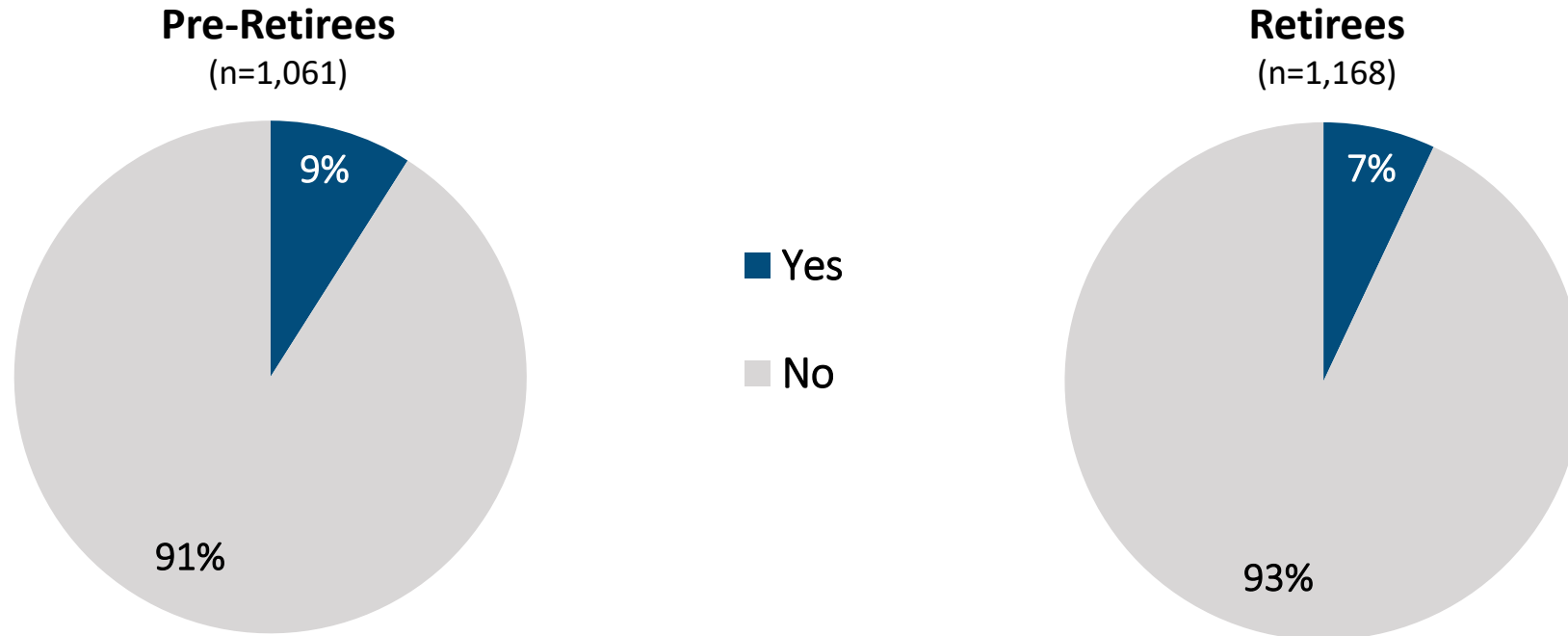
To what extent are you relying on family or friends to care for you if you were to need it later in life?



While pre-retiree and retiree expectations are aligned, less than a quarter expect to rely on family or friends at all for care in any significant way

# Percent Living in a Multi-Generational Households

Do you currently live in a multi-generational household and/or a household where other adults besides a spouse, partner or children of parents reside?



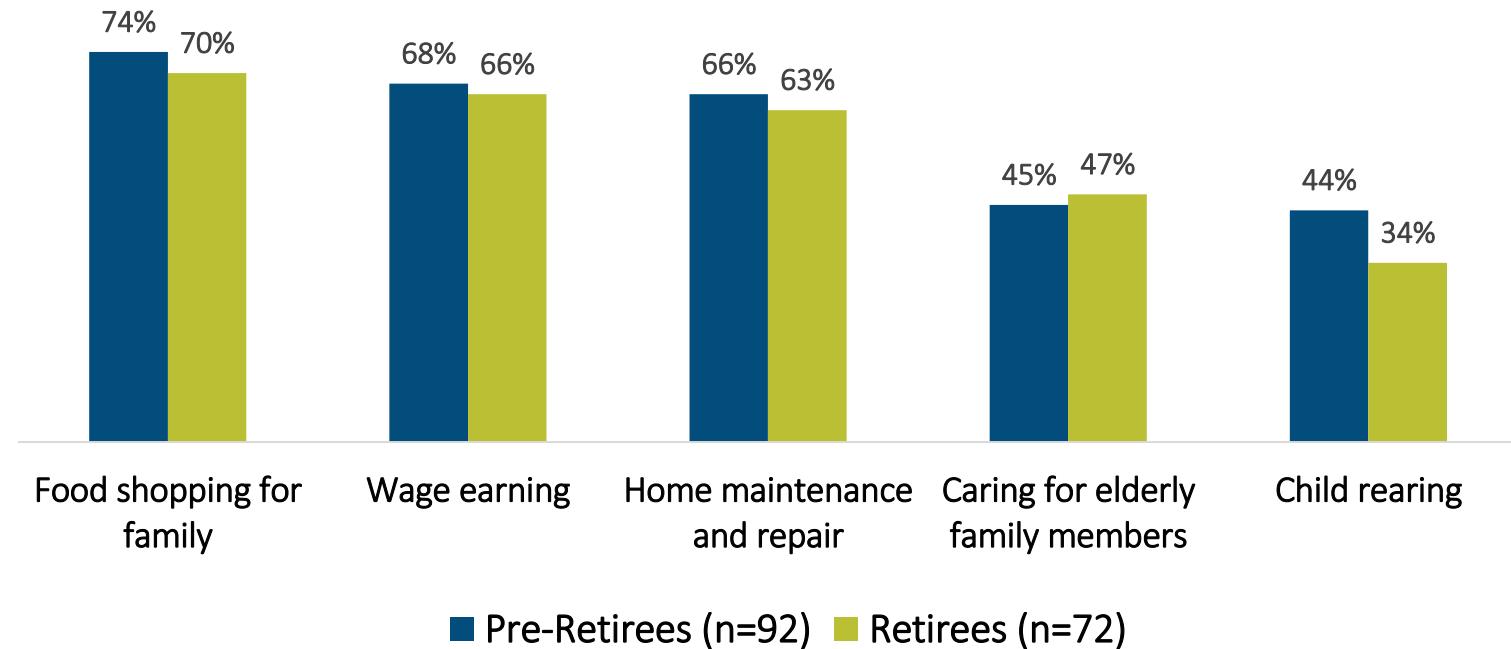
As might be expected, the number living in multi-generational households is relatively low.

# Support in Multi-Generational Households

## Do younger or older generations living in the household play any of the following roles?

[Respondents who currently live in a multi-generational household and/or a household where other adults besides a spouse, partner or children of parents reside]

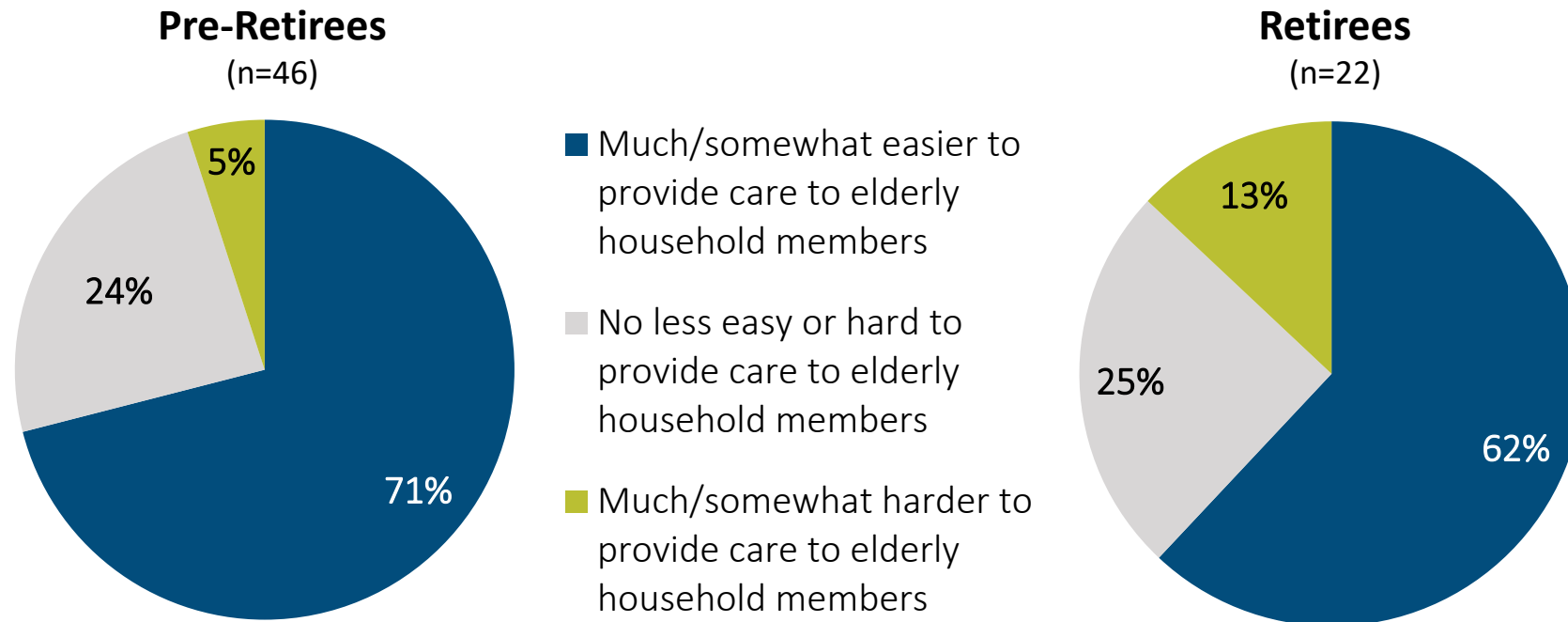
Less than half of respondents identify caregiving or child rearing as a form of support



# Multi-Generational Households: Ease of Caring for Elderly

## Has living in a multi-generational household made it...?

[Respondents are those where younger and/or older generations in the household play a part in caring for elderly family members]



When elder care is part of the support provided, the system works, making it easier to care for the elderly

# More Research on Long-term Care and Caregiving

The SOA's Aging and Post Retirement Research Program also has these resources:

## 2017 Retirement Risk Survey

Topics of emphasis included long-term care and caregiving as well as housing in retirement

<https://www.soa.org/resources/research-reports/2018/retirement-risk-survey/>

## Managing the Impact of Long-Term Care Needs and Expense on Retirement Security Monograph

<https://www.soa.org/resources/essays-monographs/mono-2014-managing-ltc/>

## Financing Long-Term Care Needs

This **decision brief** on long-term care is designed for a consumer audience

<https://www.soa.org/globalassets/assets/files/research/research-pen-long-term-care.pdf>

## Impact of COVID-19 on Senior Housing and Support Choices

One of several reports on the impact of COVID-19

<https://www.soa.org/resources/research-reports/2020/covid-19-senior-housing/>

# COVID-19 Issues



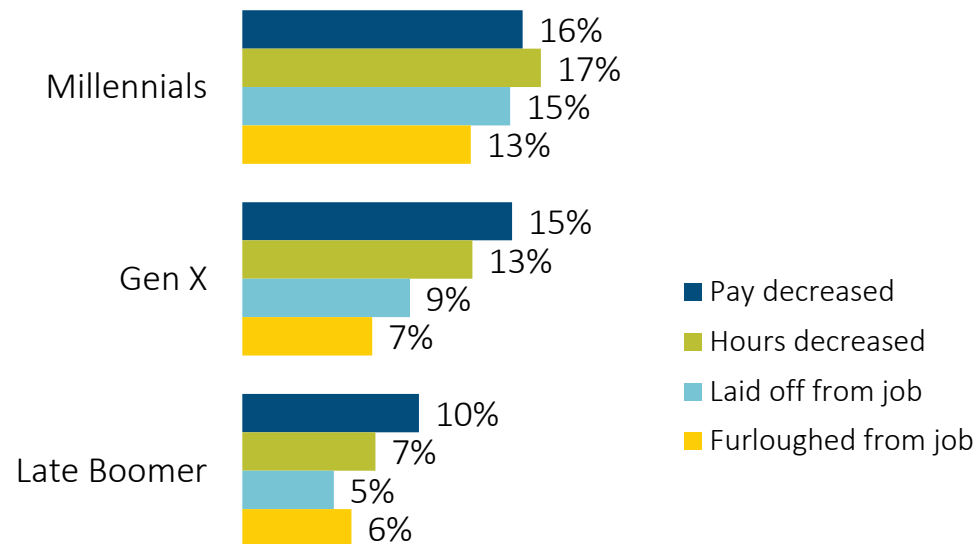
Aging and  
Retirement

## Generations Survey

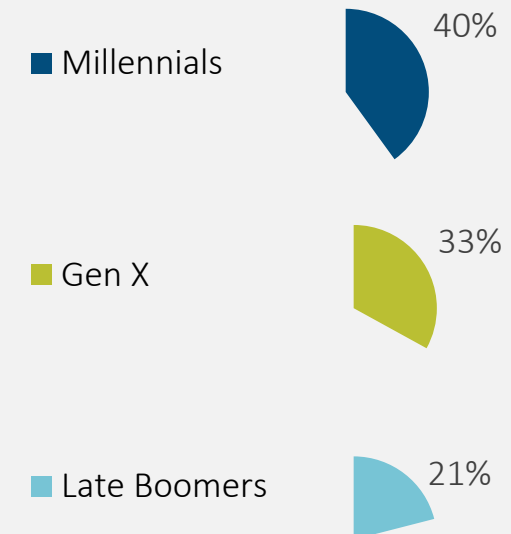
# COVID-19: Loss of Income by Generation

**4 in 10 Millennials, 3 in 10 Gen Xers, and 2 in 10 Late Boomers experienced job loss or a pay decrease during the COVID-19 pandemic**

Most Common Employment Changes as a Result of COVID-19



% experienced job loss or pay decrease

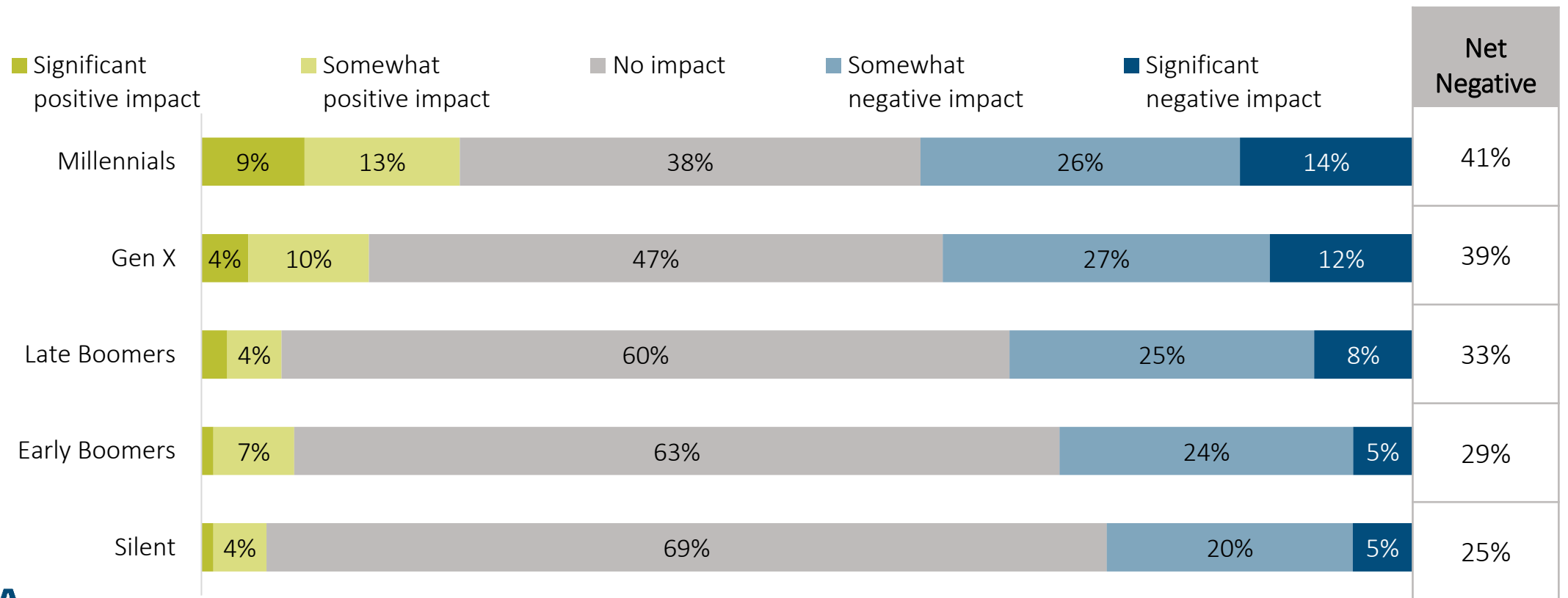




## Generations Survey

# COVID-19: Effect on Overall Financial Situation

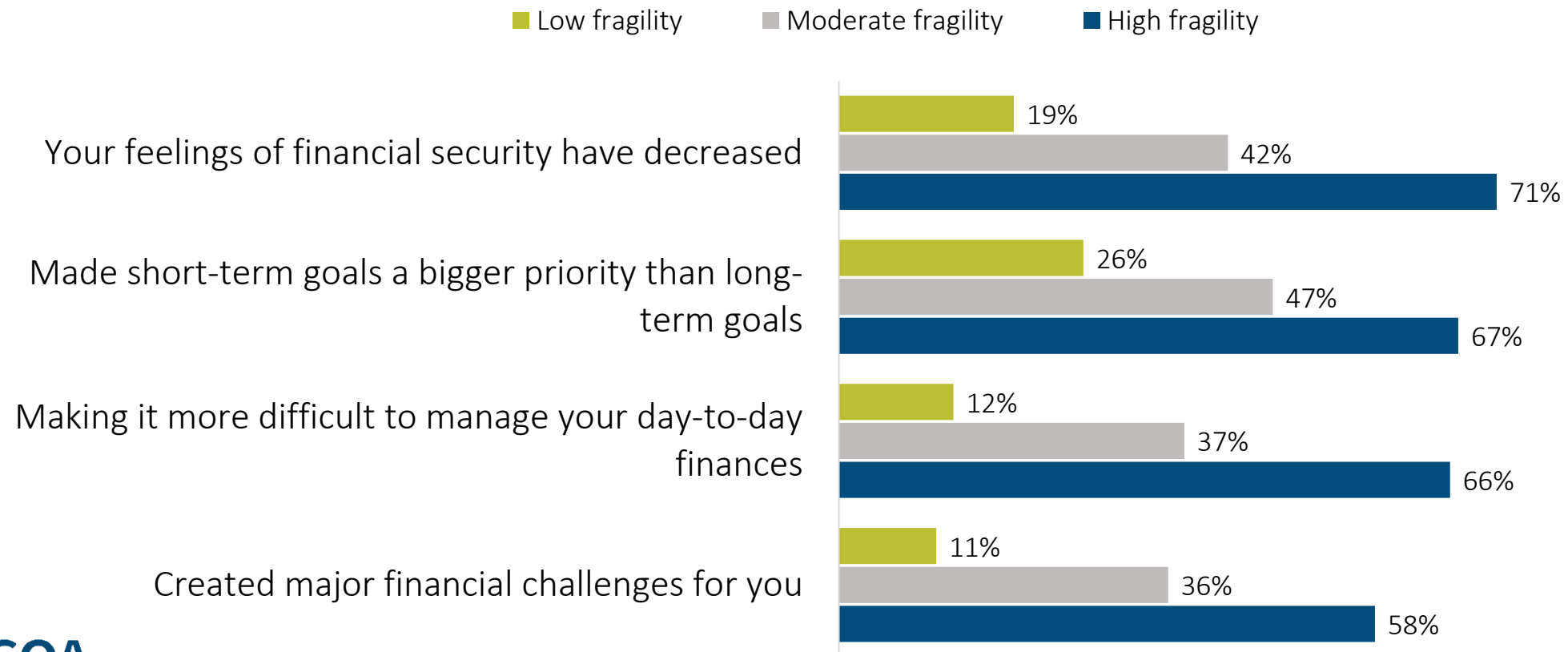
The COVID-19 pandemic has had a greater negative impact on younger generations



## Generations Survey

# COVID-19 Impact and Financial Fragility

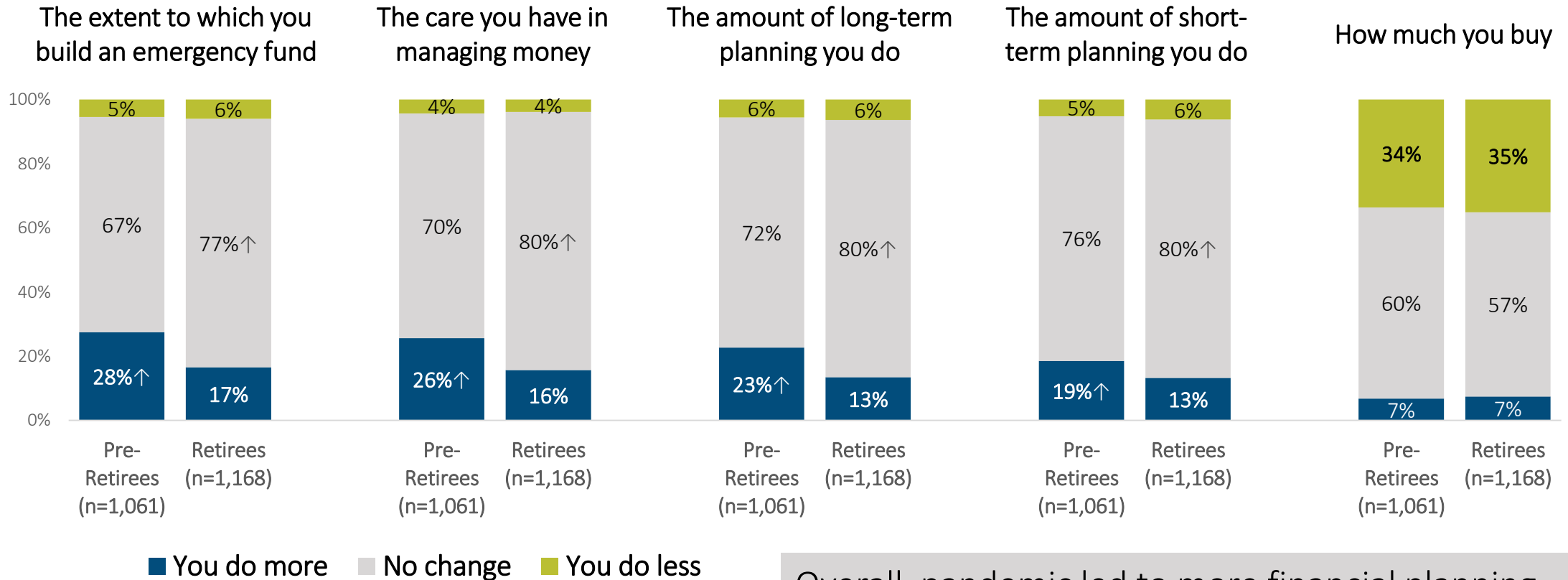
**Individuals with low financial fragility were more heavily impacted by the pandemic**



# Retirement Risk Survey

## COVID-19 Impact on Financial Management

### What impact have the events of the last two years had on the following...?



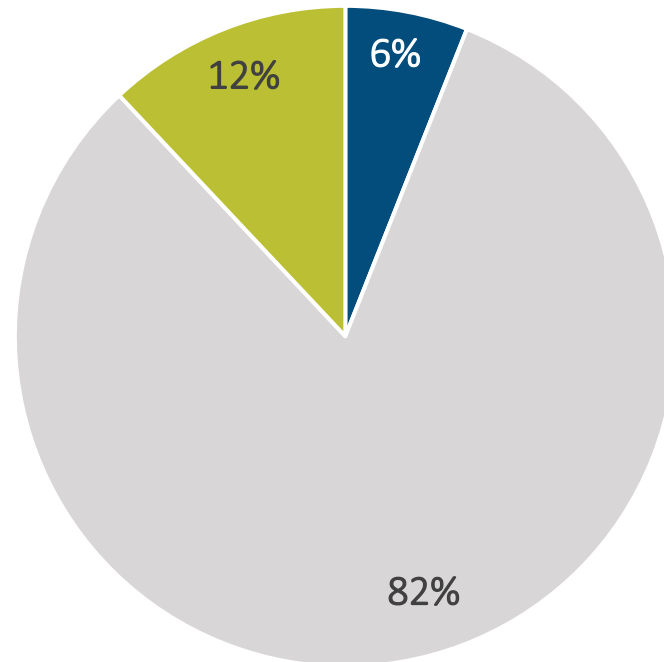
Overall, pandemic led to more financial planning, preparation, and day-to-day money management

## Retirement Risk Survey

# Change in Retirement Plans Due to COVID-19

**What impact has the COVID-19 pandemic had on when you plan to retire from the workforce?**

(Pre-Retirees=1,061)



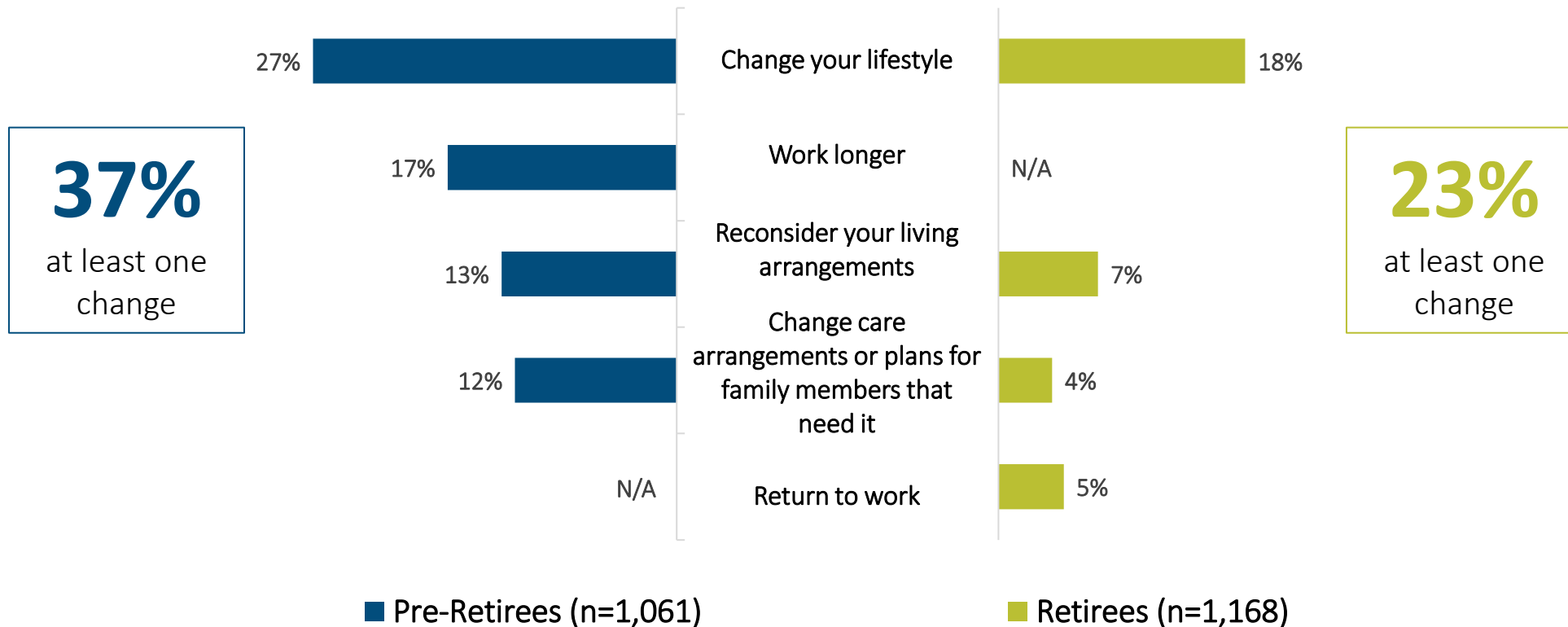
- Plan to retire much or somewhat sooner
- No impact
- Plan to retire much or somewhat later

While over **1 in 10** plan to retire later, the number jumps to over **3 in 10** among pre-retirees who experienced a negative financial impact

## Retirement Risk Survey

# The COVID-19 Pandemic: Expected Changes

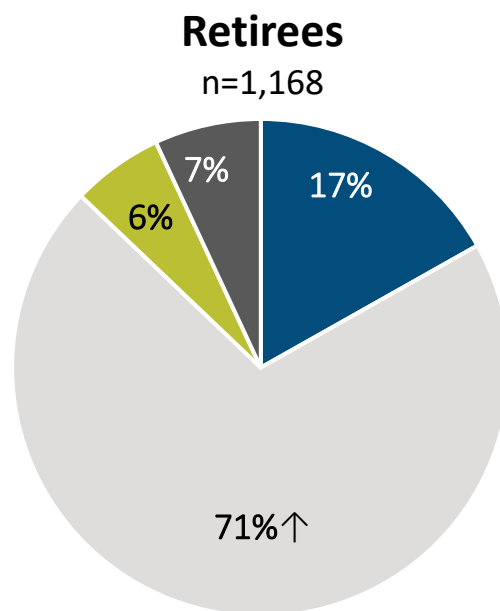
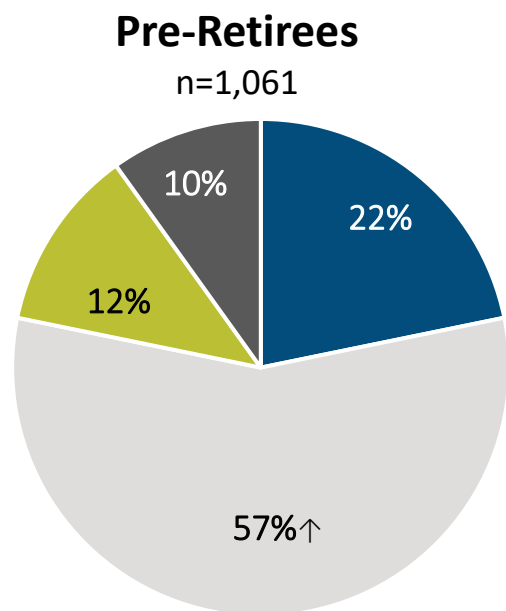
As a result of COVID-19, do you plan to do any of the following changes to your life?



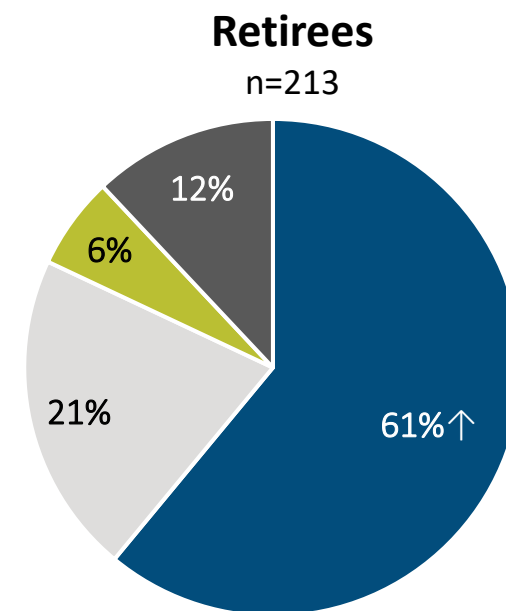
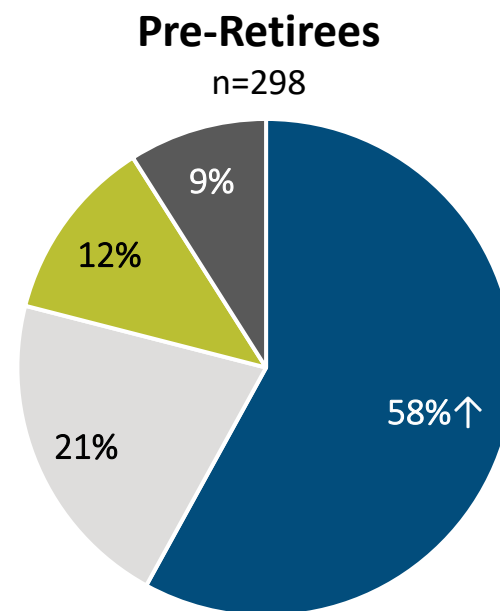
## Retirement Risk Survey

# The Long-Term Impact of the COVID-19

What impact do you expect the COVID-19 pandemic to have on your financial situation in 2022 and beyond?



← CURRENT NEGATIVE FINANCIAL IMPACT →



- Very/Somewhat Negative
- Very/Somewhat Positive
- No Impact
- Don't Know

Those negatively impacted by COVID-19 are much more pessimistic about the future impact.

# Planning and Financial Priorities



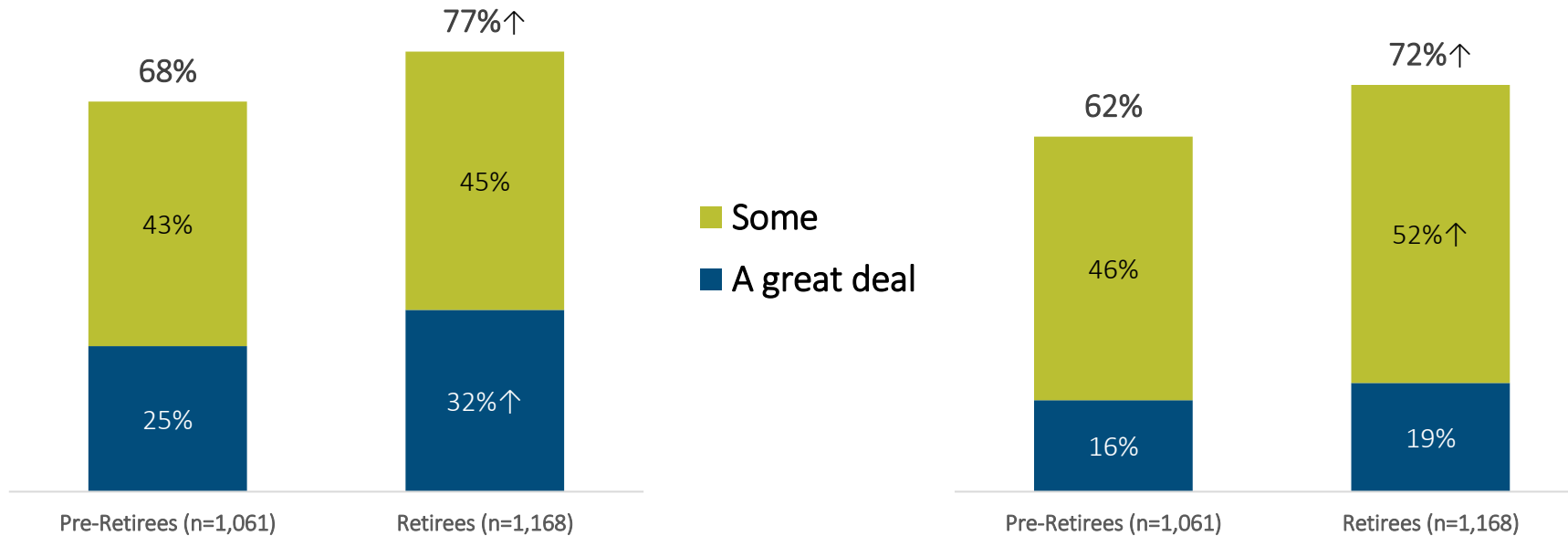
Aging and  
Retirement

## Retirement Risk Survey

# Greater Focus on Change upon Retirement than through Retirement

How much thought (do you give/ did you give) to how your life would change when you first retire(d)?

How much thought have you given to how your life will change *throughout* retirement?

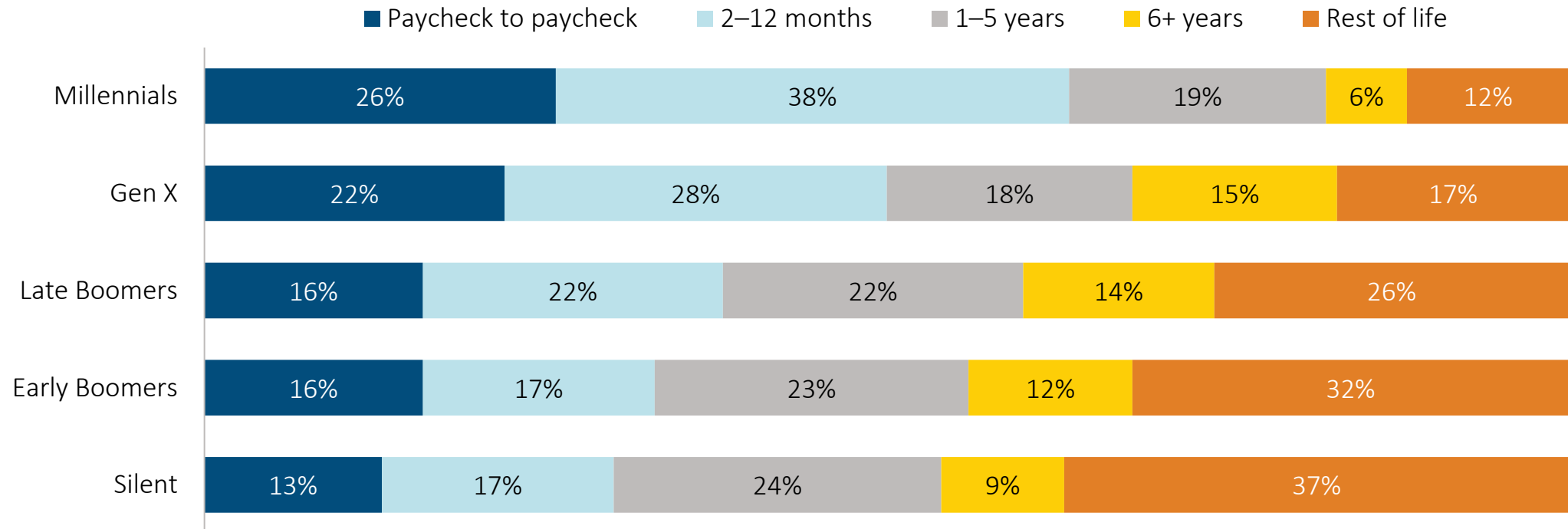




## Generations Survey

# Financial Planning Time Frame by Generation

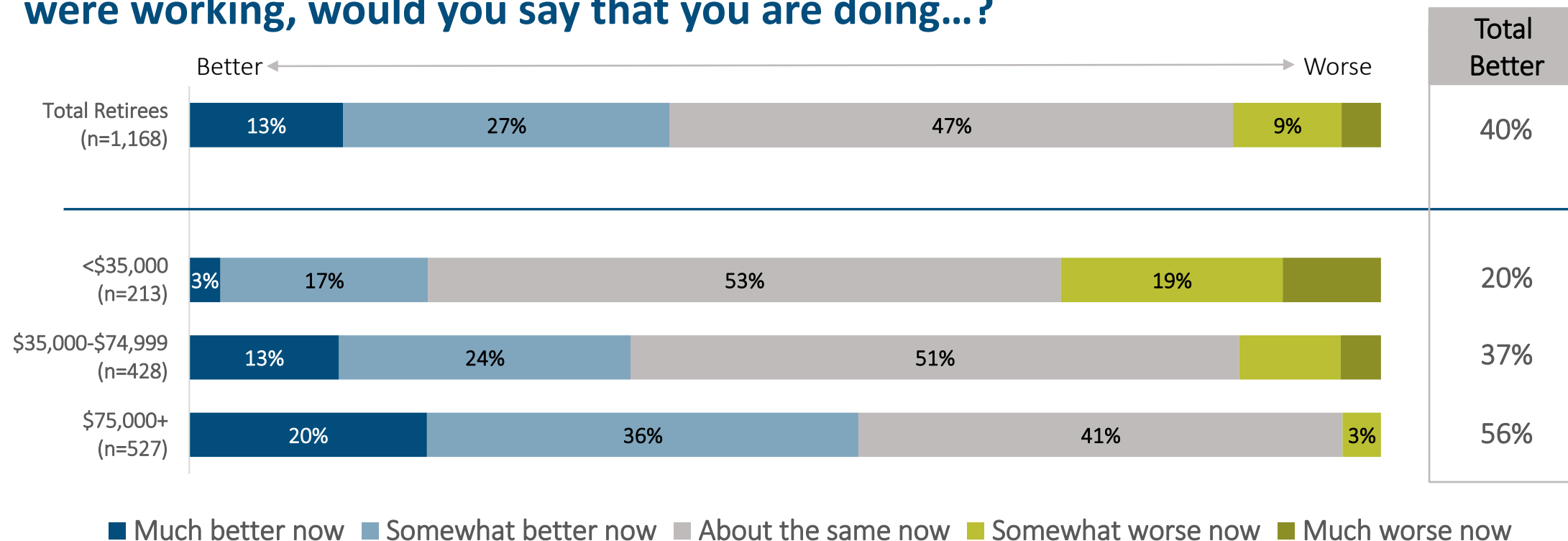
As they age, people tend to plan for longer time frames



## Retirement Risk Survey

# Retirees' Actual Finances Compared to Expected

Based on where you thought you would be financially in retirement when you were working, would you say that you are doing...?

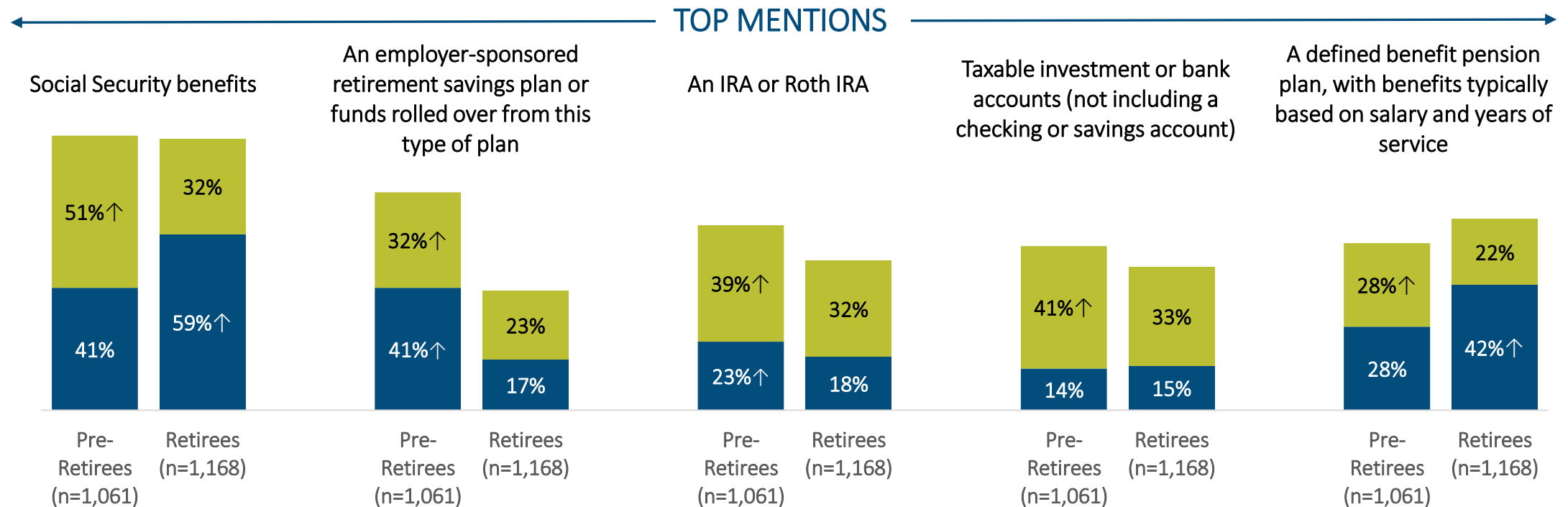


Higher-income retirees more likely to think they are doing better than expected

# Retirement Risk Survey

## Sources of Retirement Income

Which of the following (do you expect will be/are) sources of income for your (and your spouse's/partner's) retirement?



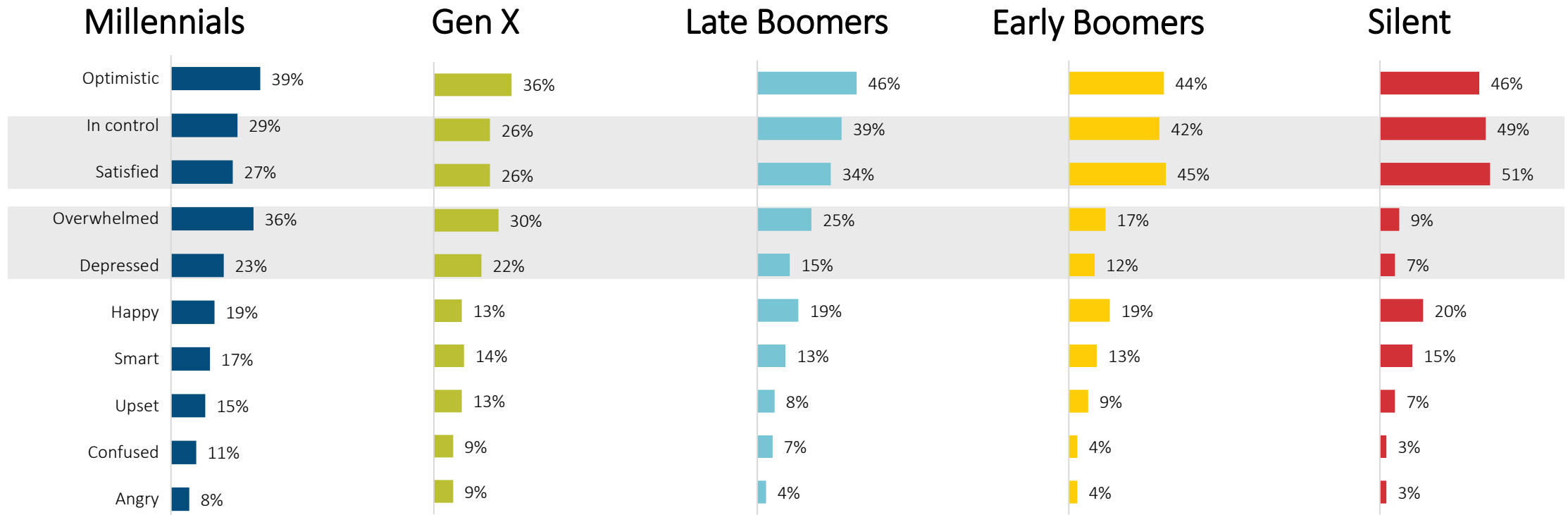
■ Major source   ■ Minor source

Retirees are more likely to rely on Social Security and other guaranteed income than pre-retirees expect

## Generations Survey

# Feelings When Financial Planning

**Older generations are more likely to feel in control or satisfied while younger generations are more likely to feel overwhelmed and depressed**

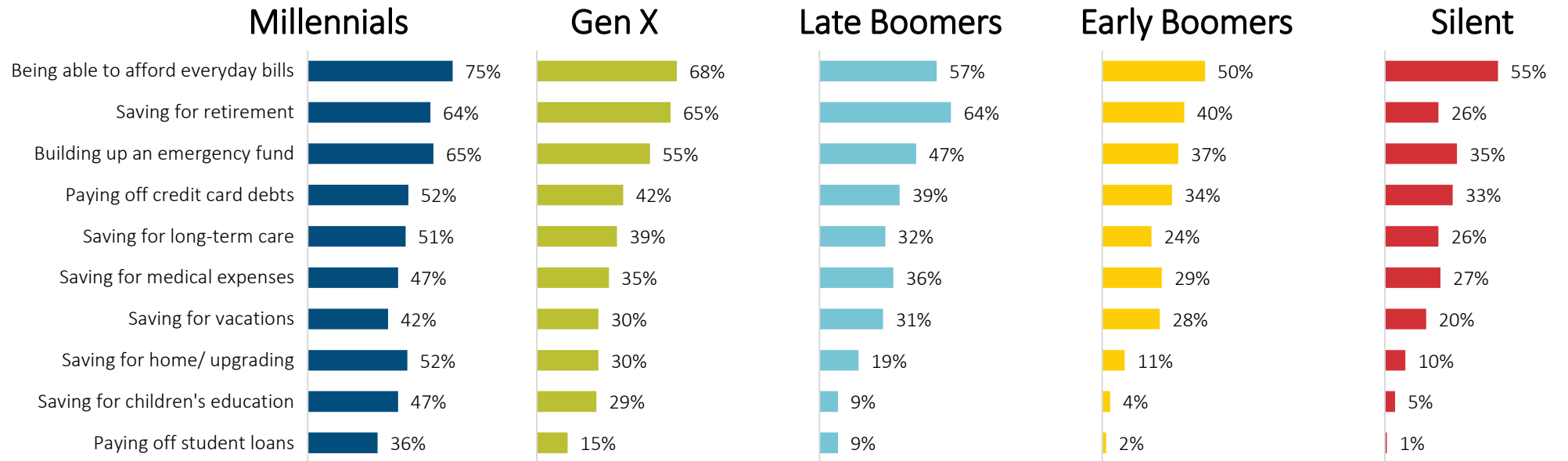


# Generations Study

## Top Financial Priorities

**Affording everyday bills, saving for retirement, and building an emergency fund are some of the top priorities across each generation**

Note: Includes priorities identified as highest or high



**Avg. Number of High Priorities**      Millennials: 5.3      Gen X: 4.1      Late Boomers: 3.4      Early Boomers: 2.6      Silent Gen: 2.4

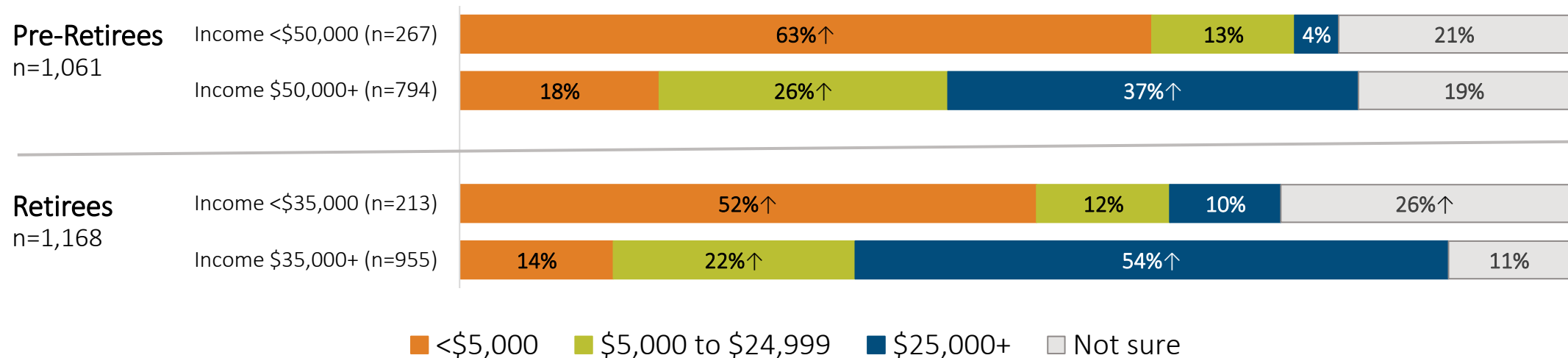
# Shocks and Unexpected Expenses



# Ability to Handle Unexpected Expenses by Income

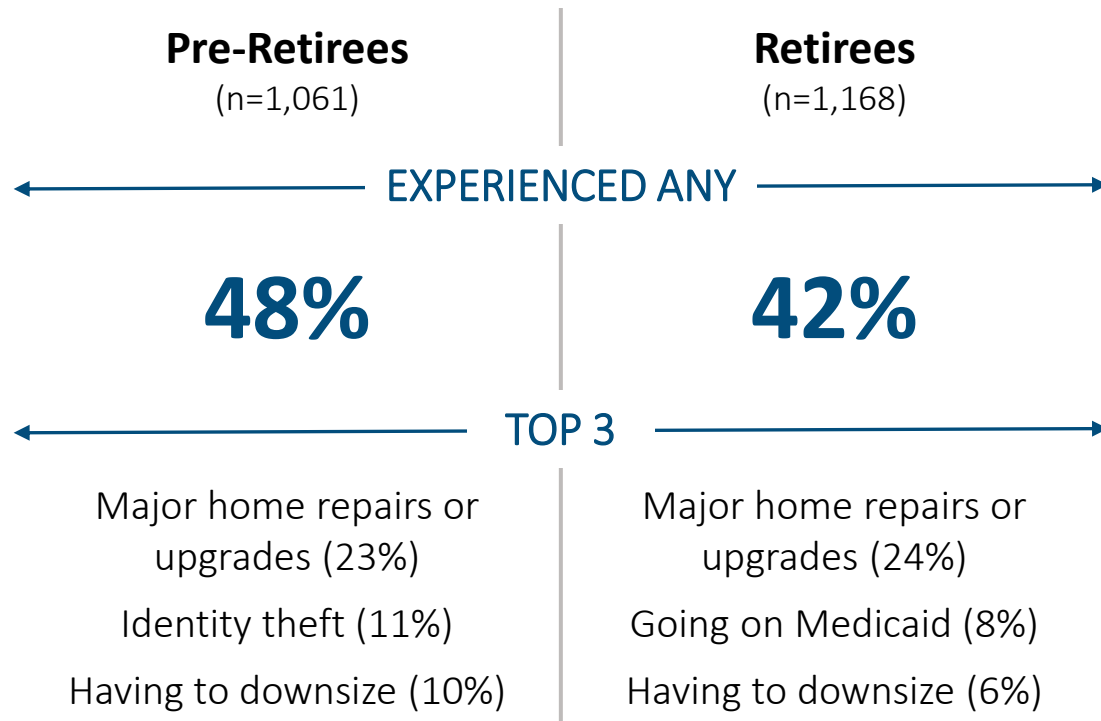
Suppose something unexpected were to happen to you (or your spouse/partner) (in retirement) that forced you to dip into your savings and investments to pay for it. What is the maximum amount you could afford to spend on the event, without worrying about jeopardizing your retirement security?

## Maximum Amount Can Spend on Unexpected Events



# Types of Financial Shocks Experienced

Have you (or your spouse/partner) experienced any of the following (during retirement)?



## Full List of Financial Shocks

- A loss in the total value of your savings of 10% or more due to poor investment
- A sudden loss in the total value of your savings of 25% or more due to a fall in the market
- Running out of assets
- A family emergency that impacted the amount of money you were able to spend on other things or required using 10% or more of your savings
- Bankruptcy
- Victimization by a fraud or scam
- Identity theft
- Loss of a home through foreclosure
- A drop in home value of 25% or more
- Significant damage to or loss of home due to a fire or natural disaster
- Major home repairs or upgrades
- Going on Medicaid
- Having to downsize due to financial considerations



# Reduced Spending Due to Financial Shocks By Income

By approximately how much, if at all, did these or other events such as these reduce the amount of money you (and your spouse/partner) were able to spend each month? Please consider the combined effect of these events.

	Pre-Retiree Household Income			Retiree Household Income		
	<\$50K (n=267)	\$50K- \$99K (n=331)	\$100K+ (n=463)	<\$35K (n=213)	\$35K-\$74K (n=428)	\$75K+ (n=527)
Did not reduce spending at all (0%)	47%	57%	<b>66%</b>	54%	67%	<b>84%</b>
Reduced spending by 1% to 24%	26%	33%	29%	31%	27%	14%
Reduced spending by 25% or more	<b>26%</b>	10%	5%	<b>15%</b>	6%	2%

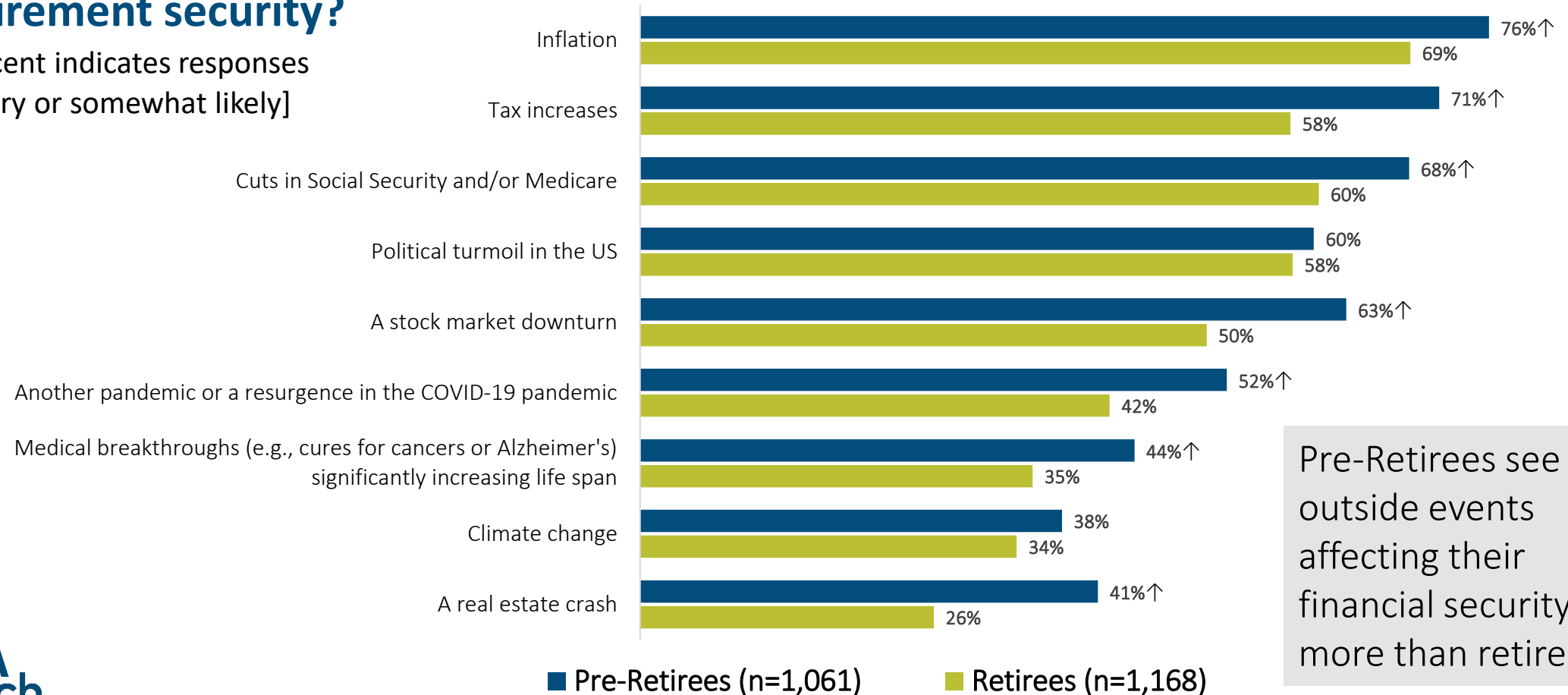
———Pre-retirees (n=1,061) ——

———Retirees (n=1,168) ——

# Outside Events that Could Affect Retirement Security

How likely do you think it is that the following events may affect your future retirement security?

[Percent indicates responses of very or somewhat likely]



Pre-Retirees see outside events affecting their financial security more than retirees

# Additional Thoughts



# Learn More

Visit the  
Research Institute  
on  
**soa.org**

## Under Aging and Post Retirement Research

- Current and past versions of the **Retirement Risk Survey**
- Survey focused on **Aging and Retirement Across the Generations**
- Materials addressing the impact of COVID-19
- An essay collection looking at race and ethnicity
- And more...

# SOA Aging and Retirement Research that Overlaps Long-term Care and Caregiving

Several summary reports on the SOA website page: [Understanding and Managing Post-Retirement Risks](#)

## List of Summary Reports

Post-Retirement Risks and Related Decisions

(November 2017)

Shocks and the Unexpected: An Important Factor in Retirement

(December 2017)

How People Plan for Retirement

(February 2018)

Women and Post-Retirement Risks

(April 2018)

Retirement Experiences of People Age 85 and Over

(February 2019)

Family is Important for Retirement Security

(February 2020)

The Journey Through Retirement

(April 2021)

Go to: <https://www.soa.org/resources/research-reports/2017/post-retirement-needs-decisions/>

# Questions?

