

Americans' Retirement Outlook Reaches Lowest Point in a Decade

A recent poll by management consulting company Gallup found that nonretired Americans' expectations for a comfortable retirement have fallen 10 percentage points since 2021, including a decrease of five percentage points last year. This is the most pessimistic retirement outlook since 2012. Sustained high inflation, which has made saving difficult for many Americans, and fears of a recession may have contributed to the negative outlook.

Survey Findings

Gallup found that the majority (71%) of nonretired adults are worried about their ability to fund their retirement, and 42% are very worried. Demographic factors played a role in individual responses, with men, individuals under 30, college graduates and higher-income individuals reporting higher confidence that they will be able to live comfortably in retirement. Lower-income non-retirees were the most pessimistic, with a record-low 19% expecting to live comfortably and a record-high 88% reporting they are worried they wouldn't have enough money to retire.

Despite the low expectations held by non-retirees, most current retirees report they're financially stable. Differences in sources of retirement income have likely contributed to the discrepancy between non-retirees attitudes and the experiences of current retirees, particularly concerning the future of Social

Security. According to Gallup, 59% of current retirees report that Social Security is a major source of their retirement income, while just 34% of non-retirees expect it will be for them. Additional changes to retirement income sources include the following:

- Home equity dropped six points as a major income source for retired and nonretired adults in the past year to a record low.
- The number of retirees who rely on a work-sponsored pension plan reached a record low, dropping seven percentage points from last year.
- Retirees' use of annuities or insurance plans as a major income source dropped five points from last year, a record low by one point.

Employer Takeaways

Retirement concerns and financial stress can negatively impact employees' ability to focus on work. This can result in lost productivity, worsened morale and increased employee mistakes. Employers can help employees feel confident about retirement by providing financial planning resources, educating them about retirement savings plans and extending payroll deductions for employees' emergency funds.

Contact us today for more information on employee benefits.